

SOUTHEAST ASIA

Australia

I. Summary

Australia is a committed partner in international efforts to combat illicit drugs. Australia accords high priority to drug issues, both internationally and domestically. Australia pursues an approach to drug issues that manages the diverse health, social and economic consequences of drug use through comprehensive and consistent policies of demand reduction, supply reduction and harm reduction. Australia is a party to the 1988 UN Drug Convention, as well as, the 1961 Single Convention and its 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances.

II. Status of Country

Australia is a consumer country with respect to illicit drugs. There is no evidence of narcotics destined for the United States transiting Australia. U.S. and Australian law enforcement agencies have excellent cooperation on narcotics matters. Cannabis (marijuana) and ecstasy (MDMA) are the most abused drugs in Australia, although usage is rising for cocaine, methamphetamine and other Amphetamine Type Substance (ATS). Heroin, however, remains at the forefront of concern for the law enforcement, social service, and health care communities in Australia.

III. Country Action Against Drugs in 2002

Policy Initiatives. Australia's National Drug Strategic Framework for 2002-04, which was endorsed by the Ministerial Council on Drug Strategy, presents a "shared vision", a framework for co-operation, and a basis for coordinated action to address drug issues. As part of its "Tough on Drugs" strategy, the Federal government has committed funding totaling \$354 million.

On December 31, 2002, the Prime Minister pledged additional resources to his 2001 initiative to fight drug use in Australia through comprehensive law enforcement efforts, boosting spending to U.S. \$122 million over four years. On April 5, 2002, the Federal Government brought together state and federal officials at a Leaders' Summit on Transnational Crime and Terrorism. The Summit resulted in a reorganization of the Australian National Crime Authority (NCA, now the Australian Crime Commission) and increased the cooperation between state and federal investigators in responding to serious crimes such as drug trafficking and ensuring prosecution at the appropriate state or federal level.

Accomplishments. The Australian Government continues to pursue strong programs to combat drug trafficking and use, which target the drug trade at all levels of production, distribution, and end use. The Australian Government works closely with the United States on a range of drug issues, including through mutual legal assistance and extradition.

Law Enforcement Efforts. Law enforcement agencies continued aggressive counternarcotics law enforcement activities in 2002. Responsibility for these efforts is divided between the federal government—primarily the Australian Federal Police (AFP), the Australian Customs Service (ACS) and the National Crime Authority (NCA)—and the respective state police services. The AFP maintains overseas liaison posts to assist in narcotics-related investigations. Liaison officers, particularly those in the Pacific Island nations, also assist local law enforcement agencies in training and institution building. The AFP, both in Australia and overseas, has a close working relationship with U.S. agencies, such as the DEA and the FBI. In October 2001, the Prime Minister announced plans to deploy additional overseas liaison positions. The AFP has nearly doubled its overseas presence, allowing it to be more proactive in transnational drug trafficking. Seizures of cocaine by Australian Federal Police increased in the fiscal year ending June 30, 2002 to 1032.2 KG. State authorities seized 52 KG of cocaine in 2000-'01; state seizure

figures for '01-'02 are not yet available Federal Police heroin seizures also increased this FY to 433.4 KG from 233.6KG in the preceding FY. State authorities seized 248.1 KG of heroin during FY00-FY01.

Corruption. The Australian Government is vigilant in its efforts to prevent narcotics related corruption. There is no indication of any senior official of the government facilitating the production or distribution of illicit drugs or aiding in the laundering of proceeds from such activities. Although some individual police force officers have been investigated concerning drug-related corruption, corruption is not common.

Agreements and Treaties. The United States and Australia cooperate in law enforcement matters under a bilateral mutual legal assistance treaty and an extradition treaty. Australia is a party to the 1988 UN Drug Convention, the 1971 UN Convention on Psychotropic Substances, and the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol. The USG has a Customs Mutual Assistance Agreement (CMAA) with Australia. Australia signed the UN Convention Against Transnational Organized Crime in December 2000, but has not yet ratified it.

Cultivation/Production. The only significant illicit drug cultivation in Australia involves cannabis. There is no evidence that Australian illicit cannabis production reaches the United States in quantities sufficient to have a significant effect. Australia has a significant licit opium crop, primarily on the island of Tasmania. Controls against diversion of that crop are excellent. The majority of amphetamines and methamphetamines consumed in Australia are produced domestically in small, often mobile, laboratories.

Drug Flow/Transit. Australia has been and continues to be a target for Southeast Asian heroin trafficking organizations and South American cocaine traffickers. Laos, Burma, and Thailand continued to be the principal source of heroin trafficked into Australia. Law enforcement authorities estimate that around 80 percent of imported heroin comes from Burma. Until recently, Latin American countries had not been identified as sources of heroin imported into Australia. Some seizures between 1997 and 2002 have originated from that area, however. There has been an increase in detected amounts of amphetamine-type substances (ATS, a category that includes ecstasy and methamphetamines), imported from Asia. Ecstasy is mainly imported from Europe. The U.S. Embassy continues to examine whether these drugs are transiting Australia to the United States, but to date there has been no information that this is occurring.

Domestic Programs. The Federal Government continues to pursue the "Tough on Drugs" Strategy to reduce the supply of, and demand for, illicit drugs in Australia through comprehensive efforts in law enforcement, prevention, treatment, and education. This strategy provides U.S. \$230 million toward demand reduction programs including education, prevention, treatment, monitoring, evaluation and research programs. Some of the key elements include: the diversion of illicit drug users from the criminal justice system into assessment, education, and treatment programs; a national drug information service to disseminate drug and alcohol information to all sectors of the community; enhanced drug education in schools; expanding and upgrading treatment services; and a comprehensive community wide education and information campaign.

Under the Australian federal system, the Federal Government has responsibility for national health and crime issues, while the States and Territories have responsibility for the delivery of health and welfare services. The Ministerial Council on Drug Strategy brings together the Federal, State and Territory Ministers responsible for health and law enforcement to determine national policies and programs to reduce the harm caused by drugs in Australia.

Although the Federal Government opposes supervised injecting rooms, the legal authority to provide injecting rooms rests with the health and law enforcement agencies in the States and Territories. In May 2001, the State of New South Wales passed legislation to enable the licensing and operation of an injecting center for a trial period of 18 months. The center, which is now in operation, provides for medically supervised heroin injections. The original trial period has been extended for an additional 12 months, and

the center is licensed to operate until October 2003. The Australian Capital Territory has passed similar legislation but has not opened a similar center.

IV. U.S. Policy Initiatives and Programs

U.S. Policy Initiatives. U.S. counternarcotics activities in Australia feature strong ongoing U.S.-Australian collaboration in investigating, disrupting, and dismantling international illicit drug trafficking organizations. In mid-2002, the United States and Australia signed a Memorandum of Understanding to codify these objectives.

Bilateral Cooperation. Cooperation between U.S. and Australian authorities is excellent.

The Road Ahead. Australia shows no sign of lessening its commitment to the international fight against drug trafficking, particularly in Southeast Asia. The United States can expect excellent ongoing bilateral relations with Australia on the counternarcotics front, and the two countries should continue to work well together in UNODC and other multilateral forums.

Burma

I. Summary

With Afghanistan's re-emergence as the world's largest producer of illicit opium, Burma fell to second place in 2002. Burma remains the primary source of amphetamine-type stimulants (ATS) in Asia, producing hundreds of millions of tablets annually. Although still a major producer of illicit opium, Burma's overall production in 2002 declined substantially for the sixth straight year. According to the joint U.S./Burma opium yield survey, opium production in Burma totaled no more than 630 metric tons in 2002, down more than 26 percent from a year earlier, and less than one-quarter of the 2,560 metric tons produced in Burma in 1996. Burma's opium is grown predominantly in Shan State, in areas controlled by former insurgent groups. Since the mid-1990s, however, the government has elicited "opium-free" pledges from each group and, as these pledges have come due, has stepped up law enforcement activities in areas controlled by these groups. However the date for the Wa to end opium production and trafficking is 2005, and the government has done little to curb them. Major Wa traffickers continue to operate with apparent impunity, and UWSA involvement in methamphetamine production and trafficking remains a serious concern. The USG once again found that Burma failed demonstrably to meet its international counternarcotics obligations .

Over the past several years, the Burmese government has significantly extended its counternarcotics cooperation with other states. In 2001, it signed counternarcotics MOUs with both China and Thailand, and, in both 2001 and 2002, joined with China in joint operations in the northern and eastern Shan State which resulted in the destruction of several major drug trafficking rings, including one group which the Chinese called one of the largest "armed drug smuggling groups in the Golden Triangle area." Cooperation with Thailand was interrupted by border tensions during the summer of 2002, but began to revive toward year's end as tensions eased.

In 2002, Burma also responded to rising international concerns regarding the quality of its anti-money laundering regime by enacting a powerful new money-laundering law that criminalizes money laundering in connection with virtually every type of major criminal activity. The first investigations under this law began in July, resulting in the seizure of several hundred thousand dollars in assets.

Burma is a party to the 1961 UN Single Convention, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention.

II. Status of Country

Burma is the world's second largest producer of illicit opium.. A sustained drought in opium producing areas, and limited eradication efforts, have combined to depress cultivation levels and yield over the past several years. According to the joint U.S./Burma opium yield survey, the total land area under poppy cultivation in Burma was 77,000 hectares in 2002, a 26 percent decrease from the 105,000 hectares under cultivation in 2001. Estimated opium production in Burma totaled approximately 630 metric tons in 2002, a 27 percent decrease from 865 metric tons in 2001, and less than a quarter of the 2,560 metric tons produced in Burma in 1996. In 2002, yields remained low (approximately 8 kilograms/hectare), or barely half the level recorded in 1996.

Burma also plays a major role in the regional traffic in amphetamine-type stimulants (ATS). Drug gangs based in the Burma/China and Burma/Thailand border areas annually produce several hundred million methamphetamine tablets for markets in Thailand, China, and other Southeast Asian states on the basis of precursors imported from neighboring states. Burma itself does not have a chemical industry and does not produce any of the precursors for methamphetamine or other artificial drugs. Neither is there any significant market in Burma for ATS. In 2002, ATS seizures declined from previous modest levels of

approximately 10 million tablets. Aside from these seizures and the closing of a few production labs, the government did not take significant steps to stop ATS production and trafficking.

Opium, heroin, and ATS are produced predominantly in Shan State, in areas controlled by former insurgent groups. Starting in 1989, the Burmese government negotiated a series of cease-fire agreements with these groups, allowing each limited autonomy and a measure of development assistance in return for peace. Initially, these agreements permitted the former insurgents to continue their narcotics production and trafficking activities in relative freedom. Since the mid-1990s, however, the Burmese government has elicited “opium-free” pledges from each and, as these pledges have come due, has stepped up law-enforcement activities in the territories controlled by some of these groups.

In 2002, the Burmese government continued its crackdown in the Kokang region controlled by Peng Jiasheng’s Myanmar National Democratic Alliance Army (MNDAA), which had pledged to be opium-free by 2000. The government modestly increased pressure on the Wa in 2002, closing down Wa liaison offices along the Thai border and arresting several Wa traffickers. The government claims it cannot crack down faster on the Wa because the Wa’s opium-free pledge does not come due until 2005, and doing so would jeopardize Burma’s national security, as the UWSA is a formidable military force. Under the terms of the cease-fire agreements, the Wa and other groups involved in the drug trade are largely immune from government action. For instance, Burmese troops cannot enter Wa territory without permission from the UWSA. Although unwilling to risk confronting the Wa, a potent organization with a well-manned and well-trained military force, the GOB did expand its modest police presence in the Wa territories in 2002. The government also took a more aggressive stance on traveling in Wa territory, informing UWSA officials of such visits rather than seeking their permission in advance. Nevertheless, the government has yet to put significant pressure on the Wa to stop illicit drug production or trafficking.

Despite agreements with the ethnic groups to set dates by which to be opium free, the results remain limited. Opium production and its profitability have not been replaced by substitute crops and alternative development projects that would provide farmers economically viable alternatives to poppy cultivation. For regions to become truly drug free, the government must make a considerable commitment, assisted, where possible, by the international community, to undertake an extensive range of counternarcotics actions, including crop eradication, effective law enforcement, and alternative development. The government must foster cooperation between the government and the ethnic groups involved in drug production and trafficking, including the Wa, to eliminate poppy cultivation and opium production.

The GOB must also address the explosion of ATS that has flooded Thailand and is trafficked to other countries in the region. It must make a firm commitment and make a concerted effort to stop production of ATS by gaining support and cooperation from the ethnic groups, including the Wa, involved in ATS, as well as through closing production labs and preventing the diversion of precursor chemicals needed to produce synthetic drugs.

Burma has a small, but growing drug abuse problem. While the government maintains that there are only about 70,000 registered addicts in Burma, surveys conducted by UNODC, among others, suggest that the addict population could be as high as 300,000 (i.e., still less than 1 percent of the population), with opium the major source of addiction. There is also a growing HIV/AIDS epidemic, linked in part to intravenous drug use. According to surveys, 57 percent of all intravenous drug users in Burma have tested positive for the HIV/AIDS virus.

Money laundering is also an area of concern. While international money flows through Burma are small, given the undeveloped state of its banking system and tight government controls on all fund transfers, the Financial Action Task Force in June 2001 placed Burma on its list of non-cooperating territories, because of concerns regarding weaknesses in Burma’s anti-money laundering regime. Burma has since responded by enacting a powerful new money laundering law, seizing assets, and preparing prosecutions in several major cases.

III. Country Actions Against Drugs in 2002

Policy Initiatives. Burma's official counternarcotics plan calls for the eradication of all narcotics production and trafficking over a fifteen year period, starting in 1999. The plan is to proceed by stages, with eradication efforts coupled to alternative development programs in individual townships, predominantly in Shan State. Altogether, 54 townships have been targeted, 25 of which are to be taken on during the first five years of the program.

The government has received very limited international assistance in support of these efforts. The most significant is the UN Office of Drugs and Crime's (UNODC) Wa Alternative Development Project (WADP), which is financed by the United States, Japan and, since 2002, Germany. A five-year, \$12.1 million program, this project encourages alternative development in a small portion of the territory controlled by the United Wa State Army. There is also a small, U.S.-financed project in Northern Shan State (Project Old Soldier) and a Japanese effort to establish buckwheat as a cash crop in the Kokang and Mong Ko regions of northeastern Shan State. In addition, the Thai government agreed in 2001 to extend its own alternative development projects across the border into the Wa-controlled Southern Military Region of Shan State.

Narcotics Seizures. Summary statistics provided by the Burmese police indicate that the Burmese police, army, and the Customs Service together seized approximately 1,631 kilograms of raw opium, 285 kilograms of heroin, and 8.8 million methamphetamine pills during the first ten months of 2002. This compares with seizures of 1,629 kilograms of raw opium, 98 kilograms of heroin, and 32.4 million methamphetamine pills during all of 2001. The three-fold increase in heroin seizures reverses a four-year decline in such seizures. Although the explanation for decreased ATS seizures is unclear and may be related to adjustments in trafficking patterns, the relatively tiny amount seized had virtually no effect on the scope of the problem.

In 2002, the Ministry of Health issued notification No. 1/2002 identifying 25 substances as precursor chemicals and prohibiting their import, sale, or use in Burma. Seizures of precursor chemicals during the first nine months of 2002 included 1,220 kilos of ephedrine, 2,908 kilos of acetic anhydride, and 21,552 kilos of other chemicals. In 2001, the totals were 3,922 kilos of ephedrine, 12,318 liters of acetic anhydride, and 174,191 liters of other chemicals. Major cases in 2002 included the following:

In cooperation with Thailand, Burmese police contributed to the seizure of 116 kilograms of heroin and 7.8 million methamphetamine tablets in February. Two of the principals behind this shipment were also eventually convicted in Rangoon and sentenced to "indefinite" (i.e., life) terms in prison.

- During January, Kokang based trafficker, Liu Ming, was found after an engagement dead. Liu's associate, Liu Quan, was subsequently arrested by Burmese authorities.
- In cooperation with China, Burmese police have contributed to a series of arrests and seizures throughout 2002 all along the Chinese border. Since 2001, Burma has turned over 22 fugitives to China, including members of one group (Tan Xiao Lin and company), which China described as the "largest armed drug-trafficking gang in the Golden Triangle."
- In cooperation with the United States Drug Enforcement Administration (DEA) and China, Burmese police contributed to the seizure of 12.5 kilograms of heroin in Hong Kong on July 11. Evidence collected in that case will provide the basis for one of the first prosecutions in Burma under the government's new money laundering law.
- In cooperation with Thailand and the U.S. DEA, Burmese police arrested Yang Chia-ho, a Kokang Chinese who is reportedly a confederate of the notorious Wa captain, Wei Hsueh Kang. Yang Chia-ho was taken into custody together with more than 5 million methamphetamine tablets and 41 kilos of heroin in Tachileik, Burma on October 4.

Arrests and Prosecutions: Burma arrested 4,148 suspects on drug related charges, according to official statistics. These include nearly 250 police officials and members of the military.

Refineries. The government destroyed 7 heroin labs through the first nine months of 2002, compared to 14 in all of 2001. It also destroyed six meth labs during the first nine months of 2002, compared to three in all of 2001.

Eradication. The government eradicated more than 50,000 acres (20,000 hectares) of opium poppy over the past two crop years. Of this, 25,862 acres were destroyed during the 2001/2002 crop year; 26,113 acres were destroyed during the 2000/01 crop year. In addition, the government burned 164,000 kilos of poppy seeds capable of seeding more than 40,000 hectares during the six month period between April and October. According to the Burmese government, the destruction of those seeds, together with law enforcement actions is expected to reduce the acreage under opium cultivation by about half in 2003.

Law Enforcement Measures. Drug-enforcement efforts in Burma are led by the Central Committee for Drug Abuse Control (CCDAC), which is comprised of personnel from various security services, including the police, customs, military intelligence, and the army. CCDAC now has 18 drug-enforcement task forces around the country, with most located in major cities and along key transit routes near Burma's borders with China, India, and Thailand. As is the case with most Burmese government entities, CCDAC suffers badly from a lack of adequate resources to support its law-enforcement mission.

The legal framework for Burma's law enforcement efforts is provided by its 1993 Narcotic Drugs and Psychotropic Substances Law. As demanded by the 1988 UN Drug Convention, that law contains legal tools for addressing money laundering, the seizure of drug-related assets, and the prosecution of drug conspiracy cases.

With assistance from UNODC, the Burmese government is in the process of drafting a new Mutual Legal Assistance Law, which should lay the groundwork for judicial and law enforcement cooperation across borders in the prosecution of money laundering and other cases.

In 2001, for the first time, the government established a police and military intelligence presence in the Wa territories. In March 2002, it demanded that new counternarcotics decrees be issued by the Wa, the Kokang Chinese, and other cease-fire groups. Those decrees outlawed participation in any aspect of the narcotics trade. In April and May 2002, the GOB also demanded and received cooperation from the United Wa State Army in bringing to heel several major fugitives wanted by China. In addition, it has closed down the liaison offices of armed groups like the United Wa State Army, and of companies associated with those groups in Tachileik, Myawaddy, and other towns on the Thai/Burmese border. Finally, the GOB continued efforts to hold cease-fire groups to their pledges to end opium production in their territories. U Sai Lin's Special Region No. 4 around Mong La has been opium-free since 1997 and the Wa are, thus far, on track to eliminate opium by 2005. The Kokang Chinese missed their opium-free target (scheduled for the year 2000), but have paid a heavy price for that failure in terms of increased attention from both the Burmese and the Chinese police. Several of these same trafficking armies also control amphetamine production labs and extensive trafficking operations. These remain largely intact, and are a major factor in amphetamine trafficking in Southeast Asia and beyond.

The government continued its crackdown begun in 2001 on the array of militias (some government-sponsored village defense forces, and others the remnants of former insurgent bands) that the government had previously allowed to cultivate opium in the Kutkai-Lashio region of northern Shan State. According to military intelligence officials, with peace now prevailing in most of the countryside and the government no longer in need of the local security services these groups provided, steps are now being taken to slowly scale back their privileges, including the right to grow and traffic in opium.

Corruption. There is no direct evidence that senior officials in the Burmese Government are directly involved in the drug trade. However, lower level officials, particularly army and police personnel posted in outlying areas, have been prosecuted for drug abuse and/or narcotics-related corruption. According to the Burmese government, over 200 police officials and 48 Burmese Army personnel have been punished for

narcotics-related corruption or drug abuse between 1995 and May 2002. Of the 200 police officers, 130 were imprisoned, 16 were dismissed from the service, 7 were forced to retire, and 47 were demoted. To our knowledge, however, no Burma Army officer over the rank of full Colonel has ever been prosecuted for drug offenses in Burma. This fact, the prominent role in Burma of the family of notorious narcotics traffickers (e.g., Lo Hsing Han Clan), and the continuance of large-scale narcotics trafficking over years of intrusive military rule have given rise to speculation that some senior military leaders protect or are otherwise involved with narcotics traffickers.

Agreements and Treaties. Burma is a party to the 1961 UN Single Convention, the 1971 UN Convention on Psychotropic Substances, and the 1988 UN Drug Convention. In addition, Burma is also one of six nations (Burma, Cambodia, China, Laos, Thailand, Vietnam) that are parties to UNODC's sub-regional action plan for controlling precursor chemicals and reducing illicit narcotics production and trafficking in the highlands of Southeast Asia.

In 2001, Burma signed additional counternarcotics MOUs with China (in January) and Thailand (in June). The MOU with China, in particular, laid down the ground rules for joint operations, which in turn led to a series of arrests and renditions of major traffickers during the spring and summer of 2002.

Burma's MOU with Thailand commits both countries to closer police cooperation in narcotics control. In August 2001, both countries also agreed to establish joint "narcotics suppression coordination stations" in the Chiang Rai/Tachileik, Mae Sot/Myawaddy, and Ranong/Kawthoung border areas. In addition, during Secretary Khin Nyunt's September 2001 visit to Thailand, Thailand also offered 20 million baht (about \$440,000) for the establishment of a new alternative development program in the Southern Military Region of Shan State, which is now occupied by the United Wa State Army.

This nascent counternarcotics cooperation between Thailand and Burma was interrupted by tensions on the border during the summer of 2002. However, as tensions have eased, cooperation has resumed.

Cultivation and Production. According to the US/Burma Joint Opium Yield Survey, opium production declined in Burma for the sixth straight year in 2002. The survey found that the maximum potential yield for opium in Burma in 2002 totaled 630 metric tons, down 235 metric tons (or approximately 26 percent) from 2001. Over the past six years, opium production in Burma has declined by more than 75 percent, from an estimated 2,560 metric tons in 1996 to 630 metric tons in 2002. The area under cultivation has dropped by more than half, from 163,100 hectares in 1996 to approximately 77,000 hectares in 2002. Yields have similarly been cut by more than half, from an estimated 17 kilograms per hectare in 1996 to levels (about 8.0 kilograms per hectare in 2002) that are now comparable to those in neighboring states such as Laos.

Results from a UNODC-sponsored census survey throughout Shan State in 2002 largely corroborated these results. According to UNODC, Burma produced approximately 828 metric tons of opium on 81,000 hectares of land in 2002.

Drug Flow/Transit. Most ATS and heroin in Burma is produced in small, mobile labs located in the Burma/China and Burma/Thailand border areas, primarily in territories controlled by active or former insurgent groups. A growing amount of methamphetamine is reportedly produced in labs co-located with heroin refineries in areas controlled by the United Wa State Army, the Kokang Chinese, and the Shan State Army—South. Heroin and methamphetamine produced by these groups are trafficked primarily through China, Thailand and, to a lesser extent, Laos, India, Bangladesh, and Burma itself.

Precursors for refining these narcotic drugs are primarily produced in India, China, Thailand, and other regional states. Burma does not have a chemical industry and does not produce ephedrine, acetic anhydride, or any of the other chemicals required for the narcotics trade. Similarly, the major markets for all of these narcotic drugs lie in neighboring states. Relatively little is sold in Burma itself.

Demand Reduction. The overall level of drug abuse is low in Burma compared with neighboring countries. According to the GOB, there are only about 70,000 "officially registered" drug abusers in Burma. While this is undoubtedly an underestimate, even UNODC estimates that there may be no more

than 300,000 people (still less than 1 percent of the population) who abuse drugs in Burma. Most, particularly among the older generation, use opium, but use of heroin and synthetic drugs is rising, particularly in urban and mining areas.

Burmese demand reduction programs are in part coercive and in part voluntary. Addicts are required to register and can be prosecuted if they fail to register and accept treatment. Altogether, more 21,000 addicts were prosecuted for failing to register between 1994 and April 2002.

Demand reduction programs and facilities are strictly limited, however. There are six major drug treatment centers under the Ministry of Health, 49 other smaller detox centers, and eight rehabilitation centers which, together, have reportedly provided treatment to about 55,000 addicts over the past nine years. There are also a variety of narcotics awareness programs conducted through the public school system. According to UNODC, approximately 1,200 high school teachers participated in seminars, training programs, and workshops connected with these programs in 2001. In addition, the government has established demand reduction programs in cooperation with NGOs. These include programs with CARE Myanmar, World Concern, and Population Services International, all of which focus on injecting drug use as a factor in the spread of HIV/AIDS.

IV. U.S. Policy Initiatives and Programs

Policy and Programs. Direct USG counternarcotics assistance to Burma has been suspended since 1988, when the Burmese military suppressed the pro-democracy movement. The USG now engages the Burmese government in regard to narcotics control only on a very limited level. DEA, through the U.S. Embassy in Rangoon, shares drug-related intelligence with the GOB and conducts joint drug-enforcement investigations with Burmese counternarcotics authorities. Other U.S. agencies have conducted opium yield surveys in the mountainous regions of the Shan State in 1993, 1995, 1997, 1998, 1999, 2000, 2001, and 2002 with essential assistance provided by Burmese counterparts. These surveys give both governments an accurate understanding of the scope, magnitude, and changing geographic distribution of Burma's opium crop.

The U.S. Government regularly urges the Burmese government to continue to take steps to curb narcotics production and trafficking. Specifically, the USG has encouraged the Burmese government to:

- Comply with the provisions of UN Drug Conventions by taking demonstrable and verifiable actions against high level drug traffickers and their organizations;
- Increase opium eradication and significantly increase seizure rates for opium, heroin, and methamphetamines; control the diversion of precursor chemicals; and destroy significantly more heroin and methamphetamine laboratories;
- Continue cooperation with China and Thailand and expand cooperation to other neighboring countries such as India;
- Enforce existing money laundering laws, including asset forfeiture provisions, and fully implement and enforce Burma's new money laundering legislation;
- Prosecute drug-related corruption, especially corrupt government and military officials who facilitate drug trafficking and money laundering; and
- Expand demand reduction, prevention and drug treatment programs to reduce drug use and control the spread of HIV/AIDS.

The Road Ahead. The Burmese government has committed itself in recent years to expanded counternarcotics measures, has found major regional allies (particularly China) in this fight, and has built up the capacity to identify and punish drug traffickers and major trafficking organizations, even within the context of very limited resources. Based on experience in dealing with significant narcotics-trafficking

problems elsewhere in the world, the USG recognizes that large-scale and long-term international aid—including development assistance and law-enforcement aid—would help curb drug production and trafficking in Burma. However, recurring human rights problems have limited international support of all kinds, including support for Burma’s law enforcement efforts. The USG believes that the Government of Burma should continue to reduce opium cultivation and production, combat corruption, enforce its narcotics and money-laundering legislation, and deal with drug abuse. Its efforts have produced measurable results. The USG strongly urges the GOB to sustain and intensify those efforts so that its counternarcotics efforts are commensurate with the scope of the problem. The USG also urges the GOB to take efforts to combat the production and trafficking of ATS, and to expand its law-enforcement campaign to the most prominent trafficking groups and their leaders. In addition, the USG encourages the GOB to continue its expanded efforts to cooperate with other countries in the region. Continued and intensified, these efforts could lead to a sustained reduction in all forms of narcotics production and trafficking from an area that has been one of the world’s major drug trafficking centers.

Burma Statistics

(1993–2002)

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Opium										
Potential Harvest (ha)	78,000	105,000	108,700	89,500	130,300	155,150	163,100	154,070	146,600	165,800
Eradication (ha)	25,862	9,317	0	9,800	16,194	10,501	0	0	3,345	604
Cultivation (ha)	103,862	114,317	108,700	99,300	146,494	165,651	163,100	154,070	149,945	166,404
Potential Yield (mt)	630	865	1,085	1,090	1,750	2,365	2,560	2,340	2,030	2,575
Seizures										
Opium (mt)	1,863.28	1,629.06	1.528	1.445	5.200	7.884	1.300	1.060	2.265	2.265
Heroin (mt)	0.334	0.097	0.171	0.273	0.386	1.401	0.505	0.070	0.347	0.300
Marijuana (mt)	0.282	0.284	—	0.274	0.160	0.288	0.259	0.239	0.290	0.600
Ephedrine (mt)	3.9220	1.723	2.671	6.485	3.819	—	—	—	—	—
Acetic Anhydride (ltr)	12,318	2,953	3,945	1,620	424	2,137	5,082	1,159	1,191	1,016
Other Data										
Heroin Labs Destroyed	na	7	—	23	32	33	11	3	4	0
Meth Labs Destroyed	na	3	—	6						
Narcotics Arrests		—	—	6,413	4,456	4,522	4,522	5,541	7,134	7,520
Heroin Users (thousands)	300	300	—	300	300	300	150	100	30	30
Opium Users (thousands)	120	120	120	120	120	120	120	120	120	120
Arrests	4,148	—	4,881	6,413	4,845	—	—	—	—	—

Cambodia

I. Summary

Cambodia's progress in improving law enforcement and limiting corruption in 2002 was limited; ingrained corruption and endemic poverty hindered the government's ability to mount a sustained effort against narcotics trafficking. The government's principal counternarcotics body, the National Authority for Combating Drugs (NACD), cooperates closely with DEA, regional counterparts, and the UNODC. The Cambodian government recognizes that its counternarcotics efforts are spotty and often ineffective, and there is widespread recognition that the authorities need to be more aggressive in trying to stem the flow of illegal narcotics. The government is particularly concerned at the increasing use among youth of amphetamine-like stimulants. Cambodia is not a party to the 1961 Single Convention and its 1972 Protocol, or the 1988 UN Drug Convention.

II. Status of Country

Cambodia is not a major producer of opiates or coca-based drugs and, until recently, the scope of Cambodia's domestic drug abuse problem was less serious than in neighboring countries in Southeast Asia. However, the rapid increase in recent years in the use of amphetamine-type stimulants (ATS) in Southeast Asia has affected Cambodia, as well. This rapid increase in ATS abuse has been most noticeable among youths who frequent the nightclub scene in Phnom Penh, commercial sex workers, and Cambodian migrant laborers. The incidence of glue sniffing and other inhalant abuse by vagrants, street children and disadvantaged youths is also growing. In 2002, the government counseled 522 children caught sniffing glue, compared to 377 in 201.

Marijuana is cultivated primarily for export, with some domestic consumption. There are no reliable figures available from either the Cambodian government or the UNODC on the extent of cultivation or yield, although some estimates place total production at 700-1,000 tons annually. Marijuana production tends to be concentrated in the provinces of Koh Kong, Battambang, Kampot, Kandal, Kampong Cham, Kratie, Stung Treng, Preah Vihear and Banteay Meanchey. Marijuana is grown using traditional farming methods, with the harvest normally occurring between late December and early January. Much of the production is reputed to be "contract cultivation" by Cambodians operating under the control or influence of foreign criminal syndicates. Analysis of seizures in recent years indicates that Europe is the major destination for Cambodian cannabis, with other destinations including the United States, Australia and Africa. However, the amount entering the United States is not large enough to constitute a significant problem for the U.S.

Aside from marijuana, Cambodia's role in the international narcotics trade is as a transit route for Southeast Asian heroin to overseas markets, including China, Australia, Europe and the United States. There is little hard information available on the scale of heroin trafficked through Cambodia, but the amount of heroin seized in the United States in recent years that is traceable to or through Cambodia is small.

Cambodian authorities are becoming increasingly concerned with the significant increase in the amount of chemically based synthetic drugs coming into the country from Thailand and elsewhere in the region. Cambodian authorities believe that foreign crime syndicates, working in concert with Cambodian nationals, have set up highly mobile clandestine laboratories in Koh Kong, Banteay Meanchey and Battambang provinces (all along the Thai-Cambodia border) that are producing ATS, both for local distribution and export. There are indications that some stationary ATS production centers are being set up in Phnom Penh and elsewhere.

There is some concern that precursor chemicals imported for industrial use in Cambodia, including methanol, sulfuric acid, toluene and ephedrine, are possibly being diverted for illicit drug production, although the magnitude of this diversion, if it exists, is difficult to ascertain.

III. Country Actions Against Drugs in 2002

Policy Initiatives. Cambodian law enforcement agencies have very limited resources and lack even the most basic training in law enforcement techniques and drug enforcement measures. Three decades of warfare and factional fighting have severely hampered the government's ability to carry out a sustained effort against illegal drugs. Since the end of factional fighting in late 1998, the final demise of the Khmer Rouge and the formation of a new coalition government, Cambodia has had sufficient stability to permit the government to begin to combat crime and illegal narcotics. However, coordination remains poor among various government agencies and ministries. Ideally, the National Authority for Combating Drugs (NACD) will be strengthened sufficiently to play the central coordinating role in order to initiate more effective measures against drug production, abuse and trafficking.

The NACD, which was reorganized in 1999, has the potential to become an effective policy and coordination unit for the government. With the backing of the Cambodian government, UNODC launched in April 2001 a two-phase, four-year \$2.3 million "NACD Support Project" that is designed to strengthen the NACD Secretariat. This project seeks, inter alia, to establish the NACD as an independent functional government body able to undertake drug control planning, coordination and operations, as well to establish procedures for planning, operations and administration and to provide staff training, technical advice, basic transportation, communications and office equipment. In 2002, the NACD received two trucks, computers, drug testing equipment, motorbikes and office equipment from the UN and other donors. However, the UN suspended assistance in late 2002 amid allegations of diversion of assistance intended for the NACD. The allegations are currently under investigation.

Accomplishments. On January 9, 2002, the RCG held a ministerial level meeting of the NACD, which agreed on a four-point strategy for dealing with Cambodia's drug problem: 1) demand reduction; 2) production and distribution reduction; 3) law enforcement; and 4) international cooperation. It also recommended amendment of the Drug Control Law to correct shortcomings.

Cambodia discontinued the use of an Internet-based ship registry system, which was allowing potential drug smugglers and other international criminal elements to quickly obtain Cambodian registry for their vessels.

Law Enforcement Efforts. In the first 11 months of 2002, 240 persons were arrested for drug-related offenses, compared to 109 persons in 2001. This total included 16 Vietnamese and one Thai, in addition to a Taiwanese woman who was apprehended at the airport with 1.9 kilograms of heroin wrapped around her body. Six persons (two cases) were arrested for production of ATS.

Seizures of ATS have almost doubled every year since 1997. In 2002, police seized 130,000 tablets, versus 75,576 in 2001. Police seized only 1.9 kilograms of heroin in 2002, but destroyed 195,656 marijuana plants. Most of the plantations were along the Mekong River and adjacent to the Thai and Vietnamese borders.

Enforcement efforts have not targeted major traffickers and their organizations. The lack of police training and resources, coupled with widespread corruption, doom such efforts to failure in the current environment. Although counternarcotics is a priority for the government, the government's lack of resources cripple serious efforts to combat trafficking.

Corruption. Corruption (and a concomitant absence of rule of law) continues to be one of the most serious obstacles to meaningful suppression of crime, including drug trafficking. As a result, Cambodia remains highly vulnerable to drug traffickers and foreign crime syndicates. Senior Cambodian government officials say that they want to combat trafficking and production; however, several factors constrain

sustained advances in effective law enforcement: an acute shortage of trained personnel and high levels of official corruption, aggravated by abysmally low salaries for Cambodian civil servants. There is no formal police training academy, and there is no effective management structure in any of the law enforcement agencies that could benefit from and implement outside training and the establishment of investigative and administrative standard operating procedures. The judicial system is weak, and there have been numerous cases of defendants in important narcotics and other criminal cases having charges against them dropped inexplicably after paying relatively small fines.

Agreements and Treaties. Cambodia is not a party to the 1961 Convention on Narcotic Drugs and its 1972 Protocol, the 1971 Convention on Psychotropic Substances, or the 1988 UN Drug Convention. However, the comprehensive counternarcotics legislation passed by the National Assembly in December 1996 would enable Cambodia to become a party to the above Conventions and to implement the provisions of the Conventions. Currently, the Cambodian government is in active discussions with UNODC regarding technical assistance that would facilitate Cambodia's signing the three UN Drug Control Conventions, hopefully in the near future.

Cambodia has no extradition or mutual legal assistance treaty with the United States, but the Cambodian government has cooperated with U.S. law enforcement agencies regularly in the past by rendering or deporting persons wanted in the United States for crimes, including narcotics crimes, upon request and presentation of an appropriate warrant. The U.S. Embassy in Phnom Penh has been assured that such cooperation will continue. The Cambodian government concluded an extradition treaty with Thailand in 1998. The Cambodian government views bilateral and regional cooperation with neighboring states and with UNODC to be essential in its efforts to combat narcotics trafficking.

Cultivation/Production. Accurate estimates of the level of drug cultivation and production are difficult to come by. As in recent years, Cambodian authorities had some success in combating illicit cultivation during 2001. Some cannabis plantations and fields of varying sizes, totaling about 83,000 square meters, were destroyed.

Drug Flow/Transit. Cambodia shares porous borders with Thailand, Laos, and Vietnam and lies near the major trafficking routes for Southeast Asian heroin. The NACD has reported that drugs entered Cambodia in 2002 from the northern provinces of Stung Treng and Preah Vihear. Some heroin and marijuana are believed to enter and exit Cambodia via the deep water port of Sihanoukville (also known as Kampong Saom), the coastline of Koh Kong (near the Thai border) and Kampot (near the Vietnamese border) provinces, and the river port of Phnom Penh. In November, Hong Kong Customs Officers seized 360 kilograms of marijuana in a container shipped from Cambodia. The country's main international airport, Pochentong International Airport in Phnom Penh, suffers from lax customs and immigration controls, and some illegal narcotics are believed to transit there en route to foreign destinations. Under the Cambodian government's "Open Skies" policy, direct flights from major Asian gateways, including Bangkok and Singapore, began serving the regional airport in Siem Reap (location of Angkor Wat) in 2000. Customs and immigration controls in Siem Reap are rudimentary.

Domestic Programs (Demand Reduction). With the assistance of UNODC, the World Health Organization (WHO), the Japanese International Cooperation Agency (JICA) and some NGOs, the NACD is attempting to boost awareness about drug abuse among the populace, especially Cambodian youth, through the use of pamphlets, posters and public service announcements. The government has sought outside assistance for programs on drug treatment and rehabilitation centers for drug addicts and vocational training centers for severe addicts. Several national and international NGOs operate in Cambodia with mandates that directly or indirectly relate to drug control issues, including demand reduction. In August 2001, over 30 international organizations, NGOs and UN Agencies joined together to form the Drug Abuse Forum (DAF). The DAF and UNODC produces and distribute a range of drug education and awareness materials, including training booklets for field workers, leaflets for mass distribution to school children and youth, plus posters and other materials.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. Cambodia is a fragile, flawed democracy. For the first time in over three decades, there has been relative political stability following the formation of a democratically-elected coalition government and National Assembly in 1998, but Cambodia is plagued by many of the institutional weaknesses that are common to the world's most vulnerable developing countries. The challenge for the United States includes: nurturing the growth of democratic institutions and the protection of human rights; providing humanitarian assistance and promoting sound economic growth policies to alleviate the debilitating poverty that engenders corruption; and building human and institutional capacity in law enforcement sectors to enable the government to deal more effectively with narcotics traffickers.

Bilateral Cooperation. U.S.-Cambodia bilateral counternarcotics cooperation is hampered by restrictions on official U.S. assistance to the central government that have remained in place since the political disturbances of 1997. Cambodia regularly hosts visits from DEA personnel based in Bangkok, and Cambodian authorities cooperate actively with DEA. U.S. officials raise narcotics-related issues regularly with Cambodian counterparts at all levels, up to and including the Prime Minister.

The Road Ahead. Mid-level Cambodian law enforcement officers have been attending training courses at the International Law Enforcement Academy in Bangkok (ILEA) since mid-2000, which has partially addressed Cambodia's dire training needs. The ILEA training has produced a small but growing cadre of Cambodian officials who are becoming familiar with modern police techniques including drug identification, investigations, coordination of operations and intelligence gathering. However, after their training they return to an environment of scarce resources and pervasive corruption. This situation will require a long period of sustained investment to change the culture.

Funding assistance is needed to allow working level Cambodian officials to participate in regional counter drug conferences, such as the annual meetings of the six greater Mekong sub-region countries that are signatories to the 1993 Memorandum of Understanding on Drug Control with the UNODC.

In sum, Cambodia is making incremental progress toward more effective institutional law enforcement against illegal narcotics trafficking. However, Cambodia's institutional capacity to implement an effective, systematic approach to counternarcotics operations is low.

China

I. Summary

The People's Republic of China (PRC) remains a major drug-transit country, but it continued to take strong measures to stem the production, abuse, and trafficking of narcotics in 2002. PRC authorities clearly understand the threat posed by drug trafficking in the PRC and in the region, and they continued to take steps to integrate the PRC into regional and global counternarcotics efforts in 2002. The amount of illicit narcotics seized by PRC authorities rose in 2002. Preliminary figures suggested that heroin seizures would not be as large as they were in 2001, although they would still be significant, while seizures of amphetamine-type stimulants (ATS) appeared to have risen over those registered in 2001.

Throughout 2002, PRC authorities continued to provide U.S. counternarcotics officials with samples of drugs seized, including drugs en route to the United States. The United States and the PRC made requests for assistance in criminal matters under the U.S.-PRC Mutual Legal Assistance Agreement (MLAA), which entered into force March 8, 2001. The PRC is a party to the 1988 UN Drug Convention.

II. Status of Country

The PRC is situated adjacent to both the "Golden Triangle" and the "Golden Crescent." The PRC seizes more Southeast Asian heroin than any other single country in the world. Drug abuse in general continues to rise in the PRC. As it has reported in previous years, the PRC government reported that there were over 900,000 registered drug addicts in 2002, an increase of over 200,000 in three years. Officials privately admit that the actual number of users is likely far higher.

The PRC is a major producer of precursor chemicals, including acetic anhydride, potassium permanganate, piperonylmethylketone (PMK), and ephedra. The PRC monitors all 22 of the precursor chemicals listed in Table I and Table II of the 1988 UN Drug Convention (the "watch list"), but there is clear evidence that diversions continue to occur. The PRC continues to be a strong partner with the United States and other concerned countries in implementing a system of pre-export notification of dual-use precursor chemicals.

III. Country Actions Against Drugs in 2002

Policy Initiatives. In June 2000, the government issued a "White Paper" on drugs, which laid out a comprehensive strategy for fighting narcotics use and trafficking. This strategy, which covered all of the major goals and objectives of the 1988 UN Drug Convention, puts emphasis on education, rehabilitation, eradication, precursor chemical control, and interdiction. In 2002, PRC counternarcotics authorities continued to follow this strategy.

Accomplishments. The PRC cooperates actively with countries in the region in the fight against drug trafficking. In partnership with the UN Office of Drugs and Crime (UNODC) (formerly the UN Drug Control Program, UNDCP) and five Southeast Asian nations (Cambodia, Laos, Burma, Thailand, and Vietnam), the PRC is a participant in a Memorandum of Understanding (MOU) committing the six member-countries to cooperate regionally to combat illicit narcotics production, trafficking, and use. The PRC continues to support crop-substitution initiatives for farmers in Burma and Laos, as well as demand reduction efforts in areas bordering Yunnan province. The PRC participates in the UNODC-sponsored action plan "ASEAN and China Cooperative Operations in Response to Dangerous Drugs (ACCORD)." The ACCORD program targets all aspects of the drug problem, including demand reduction, alternative development/supply reduction, and law enforcement/control measures-oriented projects, with the goal of making the region drug-free by 2015. Separately, the PRC participates in the "Six plus Two" Drug Control

Mechanism program, with Iran, Pakistan, Tajikistan, Turkmenistan, Uzbekistan, Russia, and the U.S. The PRC continues to cooperate with the Drug Enforcement Administration's (DEA) chemical control initiatives, "Operation Purple" and "Operation Topaz" and strictly regulates the import and export of precursor chemicals.

Law Enforcement Efforts. Preliminary figures suggest that seizures of heroin by PRC law enforcement personnel in 2002 were up in virtually all areas of the country compared to the previous year, but overall seizures still declined in comparison to record seizures registered in 2001. The PRC accounts for more heroin seizures than all other East Asian countries combined. While heroin seizures were not as high as the 13,200 kilograms in 2001, the 6,400 kilograms seized during the first nine months of 2002 are still significant for the PRC. ATS seized in 2002 will likely also exceed the quantity seized in 2001.

In 2002, PRC authorities increased their level of cooperation with the U.S. in sharing drug-related strategic intelligence in several key investigations. Ministry of Public Security (MPS) officials routinely facilitated trips for U.S. law enforcement personnel based at the U.S. Embassy in Beijing. On several occasions, MPS provided vital intelligence information on suspected drug traffickers that resulted in the identification of several major suppliers to the U.S. drug market.

For details on the PRC's anti-money laundering initiatives in 2002, please see the Money Laundering section of this report.

Precursor Chemical Control. The PRC is a major producer of precursor chemicals. The PRC monitors all 22 of the chemicals on the 1988 UN Convention watch list. Several provinces, including Yunnan (which shares a border with Burma), have even more stringent controls than the Convention requires. In June 1999 and May 2000, the government issued regulations further tightening controls on transportation licenses for ephedrine. One result of this was to drive up the price and create a black market in the PRC for ephedrine. The PRC cooperates closely with the United States on chemical control issues. The two sides have in place a strong pre-export notification program for ephedrine, pseudoephedrine, and PMK 3,4. The PRC is a participant in "Operation Purple," a worldwide initiative to stem the diversion of potassium permanganate to cocaine syndicates, and in "Operation Icebreaker," a cooperative effort to combat the diversion of precursor chemicals for the production of crystal methamphetamine.

Corruption. PRC officials admit that corruption is one of the most serious problems the country faces. Continuing anticorruption campaigns have led to the arrest of hundreds of mostly low-level officials. Most official graft in the PRC involves misappropriation of funds, abuse of power, and embezzlement. Cases of narcotics-related corruption in the PRC are seldom reported in the press, and there is no indication that this problem is pervasive. The fact that large quantities of narcotics regularly transit the PRC suggests, however, that corruption in the PRC plays an important role in narcotics trafficking. As a matter of government policy or practice, the PRC does not encourage or facilitate the laundering of proceeds from official drug transactions, nor do any senior officials of the PRC engage in laundering the proceeds from illegal drug transactions.

Demand Reduction. Education and rehabilitation are important components of the PRC's counternarcotics strategy. According to official statistics, there were over 900,000 "registered" addicts in 2002, a figure PRC officials have cited for several years. The actual number of drug addicts is likely significantly higher. Individuals identified as addicts are subject to compulsory rehabilitation. The PRC continues to provide counternarcotics education to all school children, and has also taken steps to warn citizens about the link between intravenous drug use and HIV/AIDS. The PRC has continued to implement "drug free community" programs, in order to mobilize entire communities to work together to combat narcotics trafficking and encourage addicts not to relapse.

Agreements and Treaties. The PRC has signed more than 30 mutual legal assistance treaties with 24 countries. On March 8, 2001, a mutual legal assistance agreement between the PRC and the United States entered into force. It constitutes a powerful tool for obtaining evidence important to the U.S. investigation and prosecution of transnational criminals, including narcotics traffickers. In 1999, the PRC and the

United States signed a bilateral customs mutual assistance agreement, but the PRC has not taken the steps needed to bring it into force. This agreement, if brought into force, would facilitate cooperation by customs officials and enhance the flow of narcotics intelligence. A May 1997 U.S.-PRC MOU on Law Enforcement Cooperation allowed the two sides to provide assistance on narcotics investigations and prosecutions on a case-by-case basis.

Illicit Cultivation/Production. The PRC's effective eradication program has largely eliminated commercial cultivation of drug-related crops. (Such cultivation was never significant.). The government continues to target small-scale cultivation in remote areas of the country's northwest. Ephedra, a plant from which the precursor for methamphetamine is made, grows wild in northern parts of the PRC. The government tightly controls exports of this key precursor.

Faced with a growing threat from methamphetamine and synthetic drugs such as ecstasy, the government continues to make closing down illicit drug laboratories a top priority. These efforts halted many illicit operations, but new ones continue to spring up, especially in the PRC's more remote locations.

Drug Flow/Transit. The PRC shares a 2000-kilometer border with Burma. The majority of heroin produced in Burma travels through the PRC en route to the international market. Reflecting the PRC's importance as a transshipment route, most seizures of Burmese heroin now take place inside the PRC's borders. Smaller quantities of heroin enter the PRC from Laos, Vietnam, and Southwest Asia, including an increasing flow from the neighboring "Golden Crescent" countries.

IV. U.S. Policy Initiatives and Programs

Bilateral counternarcotics cooperation at both the working and policy levels improved further in 2002. The June 2000 visit to the PRC by then ONDCP Director McCaffrey was followed up by an August 2001 visit by ONDCP's former Director of Intelligence, who reinforced the USG's commitment to work with the PRC to combat illicit narcotics trafficking. These visits culminated in the first Sino-U.S. intelligence sharing meeting held in October 2002 in Beijing. The two sides have agreed to hold future intelligence-sharing meetings on a regular basis. At the working level, PRC and U.S. officials continued to cooperate closely in conducting trans-national investigations, exchanging information on existing and emerging threats, and developing Chinese law enforcement capabilities.

DEA Beijing and MPS counternarcotics officers worked cooperatively to share strategic information in 2002. They shared a greater number and variety of drug samples than in 2001. In 2002, PRC police attended counternarcotics and general law enforcement training courses at the joint U.S.-Thai International Law Enforcement Academy (ILEA) in Bangkok. This important regional forum brought together police and other law-enforcement officials from throughout the region to improve technical capabilities and establish ties among regional counternarcotics and law-enforcement bodies. MPS counternarcotics officers regularly attended ILEA training courses, such as the Narcotics Unit Commanders Course and the Transport Interdiction Course, and they attended a training course organized by DEA for forensics officials.

The Road Ahead. Despite many significant advances, there is still room for improvement in U.S.-PRC cooperation on narcotics control. For example, the PRC authorities have thus far been unwilling to sign a Letter of Agreement (LOA) that the State Department's Bureau for International Narcotics and Law Enforcement Affairs (INL) requires as a matter of policy in order to provide in country counternarcotics and law-enforcement training and technical assistance programs in the PRC. Arriving at an early agreement on an LOA remains a key goal. Also, while considerable progress has been made in the sharing of drug samples, the United States continues to encourage the PRC to increase the number of seized narcotics samples that it is willing to share.

The United States will continue to monitor both the transshipment of Burmese heroin through the PRC and the threat posed by the explosive growth of methamphetamine trafficking in and from the PRC. PRC counternarcotics officials have consistently expressed the desire to expand and deepen cooperation with

DEA, especially in the PRC's drug-plagued Yunnan, Guangzhou, and Fujian Provinces. DEA is presently preparing to meet this challenge by seeking PRC approval to bring additional personnel to the PRC to handle its increased workload.

Fiji and Tonga

I. Summary

Neither Fiji nor Tonga is a major producer or a significant consumer of narcotics. There are some indications that drug syndicates are using both Fiji and Tonga as transshipment points for drugs bound for Australia, Canada, and New Zealand. Police suspect that Fiji has also been used to transship drugs to the United States. Both Fiji and Tonga are parties to the 1988 UN Drug Convention.

II. Status of Country

The greatest impediments to effective narcotics enforcement in Fiji and Tonga are their outdated laws and inexperienced and under-trained police. For example, Fiji law requires the approval of the President of Fiji in order to conduct a wiretap. Fiji law also requires that before customs officers can open a suspicious package or container the owner must be informed and must be present. Even when laws provide for modern investigative techniques, the police are often unable to manage such techniques. The maximum possible sentence for narcotics offenses in Fiji is eight years.

While both Fiji and Tonga have passed money-laundering legislation that deals specifically with proceeds from narcotics-related crimes (Fiji in 1997 and Tonga in 2000), neither country has made an arrest nor secured a conviction under their respective laws.

Both Fiji and Tonga have laws permitting controlled deliveries of drugs for investigative purposes, although the ability of both local police forces to conduct such operations is limited. They do not have the training, personnel, or equipment to conduct the surveillance that would be part of a controlled delivery. Fiji police have conducted one controlled delivery with personnel and technical assistance from the Australian federal police. The use of controlled deliveries by the police is also limited because Fiji and Tonga laws require the police to prosecute only based on the amount allowed to remain in the controlled delivery and not the original amount of drugs.

Fiji does have a law to provide for the confiscation of the proceeds earned from the commission of serious offenses. The Fiji police have never used these asset seizure laws in a criminal case. Nor have they ever used the provision of the law for identifying criminal proceeds; evidentiary requirements under the law might well exceed the capacity of local investigative officials.

III. Country Actions Against Drugs in 2002

Policy Initiatives. Both Fiji and Tonga are taking steps to try to modernize their narcotics laws and criminal investigative procedures. Fiji and Tonga have established Combined Law Agency Groups (CLAGs). CLAGs consist of law enforcement and other agencies and are designed to provide for the timely exchange of information, enhance cooperation efforts, and develop joint target strategies.

Cultivation/Production. Fiji has a growing internal problem with the cultivation and sale of cannabis. Other than cannabis, neither Fiji nor Tonga produces any drugs. Neither plays any role in the procurement of precursor chemicals.

As the economy continues to worsen, an increasing number of farmers are switching to cannabis. There are no known incidents of export of cannabis from Fiji. Cannabis is the drug of choice primarily for economic reasons. The average income level in Fiji does not allow for the purchase or use of more expensive drugs. Cannabis seizures fell in 2002 from 2001's record 183.8 kilograms to 1.15 kilograms. However, record-keeping is complicated by the Government's practice of recording both grams of cannabis seized (in ready-to-sell form) and whole plants seized. While the kilograms of finished product

seized in 2002 fell more than 94 percent from 2001, the number of whole plants seized increased from 515 in 2001 to 2,010 (or by 290 percent) in 2002.

Agreements and Treaties. Both Fiji and Tonga are parties to the 1988 UN Drug Convention and both are trying to meet the goals and objectives of the Convention. Fiji and Tonga are also parties to the 1961 UN Single Convention, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances.

The 1931 U.S.-UK Extradition Treaty remains in force between the United States and Tonga through a 1977 exchange of notes. Similarly, the 1931 U.S.-UK Extradition Treaty remains in force between the United States and Fiji through an exchange of notes that entered into force in 1973.

Corruption. The political instability caused by the overthrow of the previous government makes Fiji highly vulnerable to corruption, while poverty contributes to corruption in Tonga. Of particular concern in Fiji are the low salaries and status enjoyed by customs and immigration officials. The presence of increasing numbers of illegal migrants in Fiji has been connected with increased vulnerability to narcotics trafficking and, potentially, transiting terrorists.

Law Enforcement Efforts. According to Tonga officials, Tonga faces an increased threat from the large number of criminal deportees sent from the United States. Officials note that 23 criminals were deported to Tonga from the United States in 2000 in accordance with U.S. law requiring the deportation of criminal aliens. Twenty-five more were deported in 2001, and between 15-20 in 2002. Many of these deportees had been convicted for drug-related crimes and other serious offences, such as armed assault, armed robbery, and sexual assault. In May 2001 Tonga police identified at least three deportees who were members of the “Tonnage Crip Gang” while they were in the United States. Tonga authorities say that they are now faced with sophisticated criminals whose skills and knowledge exceed that of the local authorities. Authorities of Tonga have stated that crime is increasing 40 percent each year in Tonga. Tonga police do not have the training or equipment to deal with the increase in either the number of crimes or the sophistication of criminals.

IV. U.S. Policy Initiatives and Programs

U.S. Government counternarcotics initiatives in Fiji and Tonga have concentrated on helping both countries secure their borders from the multiple and related threats of people smuggling, narcotics smuggling and possible transit by international terrorists. FAA and U.S. Customs officials conducted a number of seminars in Fiji in 2002 to which officials of both Fiji and Tonga were invited. While in Fiji, U.S. Customs officials also inspected port facilities in Suva that are considered by other regional governments to be particularly vulnerable to smuggling operations. Further cooperation in the fields of airport and port security is planned with both Fiji and Tonga.

The Road Ahead. The U.S. will continue to provide training in narcotics detection techniques in Fiji and Tonga.

Hong Kong

I: Summary

Hong Kong is no longer a major transit/transshipment point for illicit drugs to the United States because of its efficient law enforcement efforts, the availability of alternate transport routes, and the development of port facilities elsewhere in southern China. Some traffickers continue to operate out of Hong Kong to arrange shipments from nearby drug-producing countries to the international market, including to the United States, and there have been some cases in which drugs transited Hong Kong to Australia. The government of the Hong Kong Special Administrative Region (HKSARG) actively combats drug trafficking and abuse through legislation and law-enforcement, treatment and rehabilitation, preventive education and international cooperation. The 1988 UN Drug Convention, to which the PRC is a party, applies to Hong Kong.

II: Status of Hong Kong:

Hong Kong's position as a key port city in close proximity to the Golden Triangle historically made it a natural transit/transshipment point for drugs moving from Southeast Asia to the international market, including to the United States. In recent years, Hong Kong's role as a transit/transshipment point has diminished due to law enforcement efforts and the availability of alternate routes in Southern China. A limited amount of drugs, however, continues to transit Hong Kong to the United States and the international market.

Hong Kong and U.S. law-enforcement officials enjoy an excellent relationship in the fight against drugs. Hong Kong is not a producer of illicit drugs and drugs seized in Hong Kong are smuggled in mostly for local consumption and to a lesser extent for further distribution in the international market.

Hong Kong experienced an overall decrease in drug abuse in 2002. According to the Hong Kong Central Registry of Drug Abuse (CRDA), there were 11,911 registered drug abusers in Hong Kong in the first half of 2001 (January-June 2001). This number dropped by 6.6 percent to 11,124 during the same period in 2002. The most significant decrease was recorded in 21-and-under abusers, which decreased 33 percent. Overall use of psychotropic substances, such as ketamine, ecstasy, cannabis and methamphetamine also decreased significantly in 2002 by 18.2 percent.

III. Actions Against Drugs in 2002:

Policy Initiatives. Hong Kong has in place an effective legal system to counter drug trafficking and drug abuse in accordance with the 1988 UN Drug Convention. Under the Dangerous Drugs Ordinance, the import, export, manufacture, supply, storage and possession of drugs are subject to strict control. The Control of Chemicals Ordinance prescribes tight control over 25 precursor chemicals to prevent their diversion for illicit manufacture of narcotics. The Drug Trafficking (Recovery of Proceeds) Ordinance (DTROP) and the Organized and Series Crimes Ordinance (OSCO) provide a legal framework for tracing, restraining and confiscation of proceeds from drug trafficking. The HKSARG strengthened both DTROP and OSCO in July 2002 by amending the Drug Trafficking and Organized Crimes Ordinance. The amendment lowers the threshold for initiating restraining and confiscation orders against persons or properties suspected of drug trafficking.

Hong Kong passed the Drug Dependent Persons Treatment and Rehabilitation Centers (licensing) Ordinance in April 2002. The ordinance makes it a statutory requirement for any drug- treatment and rehabilitation organization to apply for a license from the Director of Social Welfare. To follow-up on recommendations by the Task Force on Psychotropic Substance Abuse (established in 2000), an inter-

departmental working group was established in October 2002 to review existing counternarcotics laws. In November 2002, places of Public Entertainment Ordinance, which will more strictly control the licensing of entertainment venues, was passed in order to control drug-abuse at rave parties and late-night entertainment venues.

Law Enforcement Efforts. Hong Kong's law-enforcement agencies accord high priority to the objectives of the 1988 UN Drug Convention. Their counternarcotics efforts focus on the suppression of drug trafficking and the control of precursor chemicals. The Hong Kong police has adopted a three-level approach to combat narcotics distribution: at headquarters-level, the focus is on high-level traffickers and international trafficking. The regional police force focuses on trafficking across police district boundaries. Responsibility for eradicating street-level distribution lies with the district police force. The Narcotics Bureau of the Hong Kong Police cooperates with the PRC, Canada, Australia, the United States, and countries throughout Southeast Asia in combating international drug trafficking. However, its resources are primarily focused on syndicates involved in supply and distribution of drugs in the Hong Kong domestic market. Hong Kong Customs and Excise Department(HKCED)'s Control Chemicals Group (CCG) closely tracks and controls the usage of precursor chemicals in Hong Kong. CCG's programs have had a positive impact on precursor chemical control in the Far East region as a whole. Hong Kong works closely and cooperatively with U.S. law enforcement agencies.

To strengthen counternarcotics intelligence support, HKCED established an Intelligence Bureau in July 2002. The creation of the new Intelligence Bureau has strengthened coordination between all departments on counternarcotics intelligence collection, and enhanced the efficiency of intelligence processing and dissemination. Furthermore, a dedicated Operational Intelligence Unit has been created to support frontline operations.

HKCED has expanded its Narcotics Canine Unit in 2002. The Narcotics Canine Unit at present has 32 officers and 25 detector dogs, including eight passive alert dogs with two additional passive alert canine teams on the way. The detector dogs are deployed at passenger and cargo terminals, airport, border control points and container terminals. The enforcement capability of customs officials has been enhanced by installation of new, advanced detection equipment at border/control points. For example, HKCED has upgraded the container inspection facilities at Lok Ma Chau border in 2002 (busiest border control between Hong Kong SAR and PRC) by installing two sets of fixed x-ray vehicle inspection systems.

Corruption. There is no known narcotics-related corruption among senior government or law-enforcement officials. Hong Kong has a comprehensive anticorruption ordinance that is effectively enforced by the Independent Commission Against Corruption (ICAC), which reports directly to the Chief Executive. Nor are there any known senior government officials engaging in, encouraging, or facilitating the illicit production or distribution of such drugs or substances, or laundering money related to illegal drug transactions.

The HKSARG does not encourage or facilitate illicit production or distribution of narcotics or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions.

Agreements, Treaties and International Cooperation. Hong Kong maintains close links with the United Nations, the World Health Organization (WHO), the Financial Action Task Force (FATF), Interpol and the World Customs Organization (WCO) as well as individual governments around the world. As of October 2002, Hong Kong had mutual legal assistance agreements with the U.S., France, Australia, the U.K., New Zealand, Italy, South Korea, Switzerland, Canada, the Philippines, Portugal, Ireland and the Netherlands. Hong Kong signed its agreement with the Netherlands in 2002. Hong Kong has also signed Surrender of Fugitive Offenders Agreements with 13 countries including the U.S., and Transfer of Sentenced Persons Agreements with eight countries, including the U.S. Hong Kong law-enforcement agencies enjoy a close and cooperative working relationship with their mainland counterparts, and counterparts in many countries, in the fight against narcotics trafficking. Through their

established liaison channels, they exchange operational intelligence on drug trafficking, money laundering and control of precursor chemicals.

Drug Flow/Transit. Although Hong Kong's role as a major drug transshipment/transit point has diminished over the years, a limited amount of drugs continue to flow through Hong Kong for the overseas market. Traffickers use land routes through mainland China to smuggle heroin into Hong Kong from the Golden Triangle for transit to the overseas market by utilizing Hong Kong's transportation and shipping infrastructures.

There were several seizures in 2002 of drugs transiting Hong Kong to the United States. In May 2002, U.S. authorities in Guam seized 5.2 kilograms of methamphetamine from Hong Kong. In August, Hong Kong authorities seized 5 kilograms of methamphetamine destined for the United States.

In an effort to eradicate Hong Kong's role as a transit/transshipment point for illicit drugs, the HKSARG has developed a database of information on all cargoes, cross-border vehicles, and shipping. The Air Cargo Clearance System, the Land Border System and the Customs Control System are all capable of quickly processing information on all import and export cargoes, cross-border vehicles and vessels.

Demand Reduction/Domestic Programs. While supply reduction remains Hong Kong's primary strategy against drug abuse, Hong Kong's domestic programs focus on preventive education aimed at youth and parents. Hong Kong provides a comprehensive drug prevention program through its existing education system. The Hong Kong Narcotics Division of the Security Bureau tasks Non-Government Organizations (NGO) to conduct drug educational programs at public schools and institutions. The Narcotics Bureau also sponsors programs aimed specifically at better educating parents and employees of youth organizations on drug abuse.

The Hong Kong government in 2002 launched new television programs aimed at curbing psychotropic substance abuse, strengthened the intervention services targeting high-risk groups, such as youth and school dropouts, and organized a new pilot program providing overnight facilities for drug abusers.

Cultivation and Production. Hong Kong is not a producer of illicit drugs.

IV: U.S. Policy Initiatives And Programs.

U.S. law-enforcement officials continue to emphasize joint investigations with their counterparts in Hong Kong law-enforcement to develop prosecutable cases—either in Hong Kong, The United States or other jurisdictions—against major traffickers based in Hong Kong and East Asia. The U.S. Government and the HKSARG continue to promote sharing of proceeds from joint counternarcotics investigations.

Hong Kong officials participated in several US-sponsored programs on narcotics. In 2002, Hong Kong sent approximately 10 law-enforcement officials to the International Law Enforcement Academy (ILEA) in Bangkok, Thailand. These officials participated in "Supervisory Criminal Investigator Course," "Airport Programs and Controlled Deliveries Course," and "Narcotics Unit Commander Course."

The Road Ahead. The Hong Kong government has proven to be a reliable and competent partner in the fight against drug trafficking and abuse. Hong Kong law enforcement officials, arguably some of the most effective in the region, continue to cooperate with their U.S. counterparts. The U.S. Government will continue to encourage Hong Kong to keep playing an active role in counternarcotics efforts.

Indonesia

I. Summary

Indonesia is not by international standards a major drug producing, consuming, or drug transit country. However, local use of drugs produced or manufactured elsewhere in Southeast Asia is on the rise. To combat this trend, the Indonesian National Police (INP) have participated in several international training programs and have attempted to commit more resources to drug interdiction.

The INP received much needed equipment, put more cops on the beat, and improved its relationship and interaction with NGOs dealing with drug users and rehabilitation. That said, only 288 officers are assigned to the Narcotics Detective Unit of Greater Jakarta, a city with a population of nearly fifteen million. Although this is a substantial increase from last year, it would not seem nearly enough to deal with the situation. Corruption also inhibits enforcement efficiency, as do severe resource constraints. Indonesia is a party to the 1988 UN Drug Convention.

II. Status of Country

Methamphetamine-type drugs continue to be the narcotics of choice among Indonesian drug abusers. These include methamphetamine, ecstasy and especially ice (crystal methamphetamine), also known as “shabu-shabu.” Police (INP) and NGO statistics indicate an increase in the use of these and other narcotics since 2001. INP reports handling 1,206 methamphetamine, MDMA and or ‘ice’ investigations during CY 2001. By contrast, INP reports handling 1,550 such cases in CY 2002. Heroin, cocaine and marijuana use is also reportedly up 90 percent from 2000, although usage of these drugs still remains comparatively low among Indonesians. Compared to CY 2001, the INP has experienced a 41.6 percent increase in cocaine, heroin and marijuana investigations. All of these drugs are readily available in all major urban areas, including schools, karaoke lounges, bars, cafes, discotheques, night clubs and, in increasing numbers, certain neighborhoods and villages are becoming known for their tolerance of drug trafficking.

Marijuana continues to be harvested in North Sumatra, particularly Aceh. The INP alleges that the Free Aceh Movement (GAM), a separatist organization, traffics in marijuana domestically to support its insurgent operations. However, the INP has produced no evidence to support this allegation. Arrests for distribution and possession of marijuana have increased significantly throughout the archipelago.

The coordinator of the National Anti Narcotics Movement (Indonesian acronym: “GRANAT”), the most prominent drug prevention NGO in Indonesia, confirms that heroin use is on the increase, particularly in metropolitan Jakarta. The INP reports that the majority of heroin seized in Indonesia comes from Afghanistan, by way of Pakistan. Transit from Thailand to Indonesia is the most favored route, either Bangkok to Jakarta or Bangkok to Singapore to Jakarta. Nigerian organized crime groups control heroin trafficking to Indonesia. These traffickers use Indonesian and Thai females as couriers.

While some drugs are produced domestically, international trafficking still represents the most prolific source of illicit drugs. Burma is the primary source of ecstasy and methamphetamine. They enter Indonesia through any one of hundreds of entry points throughout its vast archipelago. None of these entry points, including Jakarta, have adequate detection or enforcement mechanisms. Neither the Airport Police, the Navy, nor the Directorate of Customs and Excise are trained, equipped, funded or otherwise adequately supported to deter or detect drugs being smuggled by air or sea. The same can be said of the entities responsible for domestic enforcement—they are not up to the challenge.

Cocaine also is being trafficked to Indonesia, with the INP reporting growing seizures of the drug in 2002. However, DEA Singapore believes the user base for cocaine within Indonesia is very small. Arrest, rehabilitation and hospital statistics also indicate that cocaine is not yet a drug of choice among Indonesian

drug abusers. It is therefore possible that cocaine seized in Indonesia is being transshipped to other countries.

III. Country Actions Against Drugs in 2002

Policy Initiatives. Indonesia has not passed any new counternarcotics legislation since 1997. Nevertheless, Indonesia's current counternarcotics code is sufficiently inclusive to enable the police, prosecutors and the judiciary to successfully arrest, prosecute and adjudicate narcotics cases. The lack of contemporary detection, enforcement and investigative methodologies and technology, as well as endemic corruption, are the greatest hindrances to successful interdiction.

Law Enforcement Efforts. The National Narcotics Bureau (BNN) is tasked with coordinating the activities of the various Indonesian government agencies involved in drug related programs. The BNN also has the authority to form a joint task force made up of officers from other Indonesian law enforcement agencies, if the individual case warrants. Enforcement efforts focus on the airport, using sniffer dogs and some limited contemporary equipment to interdict narcotics.

The Indonesian Navy is trying to police Indonesian waters more aggressively, including drug enforcement and interdiction, among their objectives. The realities of resource constraints, and the formidable challenge of an island nation impose stark constraints on this effort.

The Indonesian District Court which handles drug cases has sentenced at least 21 drug traffickers to death since January 2000. None of the convicted has been executed yet.

Drug seizure statistics show seizures are almost random, while official reports indicate a growing drug abuse. This fact suggests the need for substantial improvements in Indonesia's efforts to constrain the flow of narcotics.

Corruption. Corruption is endemic in Indonesia and hinders the effort against narcotics. Government officials at senior levels are aware of the debilitating effects of corruption on many aspects of life in Indonesia, but are beset by many problems, and are unable to undertake the wide range of basic reforms necessary to have a significant impact on corruption.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The U.S. supports improved law enforcement and administration of justice in Indonesia through several programs. In addition to USAID assistance, the State Department's INL Bureau funds a narcotics assistance program for the INP's narcotics branch, and funds a separate police assistance program supervised by the Department of Justice's International Criminal Investigative Training and Assistance Program (ICITAP). The INP also receives assistance from the Anti-Terrorism Assistance (ATA) program run by the State Department's Bureau of Diplomatic Security, with policy direction from the State Department's Office of Coordinator for Counterterrorism.

Hundreds of police officers have been trained with U.S. support. The U.S. Embassy in Indonesia has a senior U.S. police advisor to oversee the Department of Justice's ICITAP office, and to support the DEA Singapore Country Office's assistance to the INP narcotics branch. In addition, USAID assistance to Indonesia includes improvements in administration of justice among its objectives, with an effort focused on judicial/prosecutor training and reform.

The Road Ahead. Over the short term, drug abuse in Indonesia is likely to increase. The Indonesian government will respond to this challenge with the assistance of the U.S. and other international donors. The U.S. will continue to assist Indonesian efforts at police and judicial reform.

Japan

I. Summary

Although Japan is not a major producer of drugs, it is one of the largest methamphetamine markets in Asia, with approximately 600,000 addicts and 2.18 million casual users nationwide. During 2002, Japanese authorities seized 168 kilograms of methamphetamine. Through November, authorities seized over 129,000 tablets of MDMA (ecstasy), a significant increase over last year's figures. Authorities also seized 288 cc of liquid methamphetamine.

II. Status of Country

Japan is not a significant producer of narcotics. Very modest scale licit cultivation of opium poppies, coca plants, and cannabis for research is strictly monitored and controlled by the Ministry of Health, Labor and Welfare. Methamphetamine is Japan's most widely abused drug. Approximately 90 percent of all drug arrests in Japan involve this substance. In spite of this significant methamphetamine abuse problem, there is no evidence of clandestine manufacturing in Japan. Ephedrine, the primary precursor for the manufacture of methamphetamine in Asia, is strictly controlled under Japanese law.

Authorities continue to estimate methamphetamine trafficking into Japan to be between 10-20 metric tons per year. (Based on 2.18 million users consuming 11 grams per person annually.) Japanese law enforcement officials have made record methamphetamine seizures in the last three years. Through November 2002, 168 kilograms of methamphetamine were seized. Authorities believe the majority of the methamphetamine smuggled into Japan is refined and/or produced in the PRC, Taiwan, the Philippines, and North Korea.

Methamphetamine trafficking remains a significant source of income for Japanese organized crime. The illegal immigrant population in Japan also participates actively in drug trafficking. Importation of heroin from Southeast Asia through Japan increased in the final three months of 2002, although heroin, marijuana and hashish use remains significantly lower than use of other illegal drugs in the country. In April, the Narcotics Control Law was amended to prohibit the cultivation, importation, distribution, sale and possession, and advertising of certain hallucinogenic plants.

III. Country Actions Against Drugs in 2002

Policy Initiatives. Amendment of the Narcotics Control Law to outlaw the cultivation, importation, distribution, sale and possession, and advertising of certain hallucinogenic plants closed the legal loophole that had inadvertently allowed the sale of psilocybin or psilocin containing mushrooms (magic mushrooms) for "ornamental" or "research" purposes.

Accomplishments. The United States and Japan are working on a final text for a mutual legal assistance treaty (MLAT). Once concluded, the MLAT is expected to expedite and strengthen law enforcement cooperation.

Japan, an active participant in, and financial supporter of the United Nations Office of Drug Control Program (UNODC) major donors group, provided important financial support to many UNODC programs.

Law Enforcement Efforts. Japanese authorities seized 168 kilograms of methamphetamine in the first eleven months of 2002. Authorities also seized 288 cc of liquid methamphetamine. Police counternarcotics efforts tend to focus on Japanese organized crime groups, the main smugglers and distributors of drugs. Police and prosecutors are hesitant to pursue cases in which the likelihood of a

conviction is uncertain. In addition to smuggling and distribution activities, law enforcement officials are starting to pay increased attention to drug-related financial crimes. The Financial Services Agency received 13,725 reports of suspicious transactions in 2002.

Between 1992, when the Asset Seizure Law took effect, and 1999, the NPA has seized a total of about \$7.23 million in drug proceeds in 82 investigations. However, the NPA and Customs advise that seizure statistics are no longer maintained. Japanese authorities seize money primarily as trial evidence. After conviction, judges may levy fines, impose tax penalties, or order the outright confiscation of narcotics related proceeds, but statistics on these actions are not maintained.

Corruption. There were no reported cases of drug-related corruption in Japan in 2002.

Agreements and Treaties. Japan became a party to the 1988 UN Drug Convention in 1992. Japan is also a party to the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, and the 1971 UN Convention on Psychotropic Substances. An extradition treaty and a customs mutual assistance agreement are in force between the United States and Japan. The United States and Japan are seeking to conclude a Mutual Legal Assistance Treaty.

Cultivation/Production. Although Japan is not a significant cultivator or manufacturer of controlled substances, it is a major producer of 60 types of dual-use precursor chemicals, which also have legitimate industrial uses. For example, Japan is one of only a handful of countries that produce ephedrine, a chemical used to create nasal/breathing problems. Ephedrine is also an essential ingredient in methamphetamine. Japan is a member of the Chemical Action Task Force (CATF) and controls 28 chemicals. The DEA Country Attaché in Japan, working closely with his Japanese counterparts, closely monitors end users of precursors.

Drug Flow/Transit. Almost all drugs illicitly trafficked in Japan are smuggled from overseas. According to the National Police Agency, the PRC, the Philippines, Taiwan and North Korea are principle sources.

Domestic Programs (Demand Reduction). Domestic programs focus primarily on interdiction. Drug treatment programs are small and are generally run by private organizations. The Japanese Government provides narcotics-related counseling designed to prevent drug use and support the rehabilitation of addicts at prefectural health centers and mental health and welfare Centers. Prefectural governments also employ part-time narcotics counselors. The Japanese Government continued to support a number of drug awareness campaigns, including a five-year campaign drawn up in 1998 by the Headquarters for the Promotion of Measures to Prevent Drug Abuse, an office headed by the Prime Minister. This program is designed to inform the public about the growing use of stimulants in Japan, especially among junior and senior high school students. Under this plan, the Ministry of Health and Welfare, along with prefectural governments and a variety of private organizations, continued to administer national publicity campaigns using ads that run on television, radio and electronic scoreboards used at major sporting events. The plan also promotes drug education programs at the community level, including a program that organizes talks between students and former narcotics officers and another poster campaign that targets students attending high school baseball games.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. goals and objectives include:

- Conclusion of a Mutual Legal Assistance Treaty;
- Strengthening enforcement cooperation, including participation in controlled deliveries and drug-related money laundering investigations;
- Encouraging more demand reduction programs;
- Encouraging effective use of anticrime legislation and government agencies responsible for financial transaction oversight

Road Ahead. The United States and Japan will continue to work to conclude a Mutual Legal Assistance Treaty and to explore new cooperative counternarcotics initiatives.

Laos

I. Summary

With Afghanistan's return to large-scale opium production, Laos is almost certain to rank as the world's number three illicit opium producer in 2002. Opium production in Laos still lags far behind Burma. Estimates of the potential quantity of opium production in Laos vary from ca. 180 MT (U.S. estimate) to ca. 112 MT (UNODC estimate). Efforts are underway to rectify these differences.

The Government of Laos (GOL) has adopted a much stricter policy approach to drug control since 2001. In accordance with a prime ministerial order issued in late 2000, it outlined tough new measures for eliminating opium production, imposed the death penalty for certain drug-related crimes, and organized a national campaign to address the growing problem of methamphetamine abuse among teenagers. On the other hand, practical Lao efforts at law enforcement still fall well short of these ambitious policy goals. Lao law enforcement authorities, once again, failed to arrest any major drug traffickers. The GOL devoted few of its own resources to fighting drugs, relying overwhelmingly on the donor community for what was accomplished.

In April, 2001 the government passed new legislation imposing the death penalty for certain crimes relating to drug production and trafficking. Several traffickers have received this sentence although it is unclear whether the sentences will actually be carried out.

The USG remains the principal source of counternarcotics funds -now even underwriting some UNODC and other projects. In the past, Laos also cooperated with the German government on several crop-control projects and in the area of demand reduction. Several of these projects are now USG funded.

No new counternarcotics law enforcement offices (CNOs) were opened this year, as the U.S. has withheld further CNO funding until performance improves at existing CNOs, and/or the GOL allows the creation of a model CNO, which could be used to develop effective ways to improve overall counternarcotics efforts by the police. The amount of heroin and opium seized declined, and the Lao police provided no useful information to U.S. officials on any cases. Police performance in general, continued to fall far short of goals. Counternarcotics police units need more training and better coordination, and the government must take action against major traffickers and officials who support them.

Laos is not yet a party to the 1988 UN Drug Convention; its stated goal is ratification of the Convention in the near future, as agreed by all participants in the 1998 UN General Assembly Special Session (UNGASS) on drugs.

II. Status of Country

Although Laos was the third largest producer of illicit opium in 2002, far less opium is produced in Laos than in Burma, the second largest producer. Lao opium is grown by small-scale subsistence farmers without access to fertilizer, irrigation, or other agricultural improvements. UNODC estimates that the Lao yield per hectare increased by 33 per cent, from six to eight kilograms per hectare, in 2002. The United States continues to support crop control and development programs in Laos in order to help the GOL change farmer practices before an improving economy or organization of opium cultivation by criminal syndicates boosts yields even further and with them overall production.

Laos' location in the Golden Triangle makes it an important route for drug trafficking. This importance is increasing as Laos' physical and communications infrastructures gradually improve. USG assistance aims to help develop and upgrade Lao judicial and law enforcement institutions and enhance their ability to combat traffickers and their organizations, as well as fight narcotics-related corruption.

According to the UNODC, Laos also has the second highest rate of opium addiction in the world, behind Iran. The abuse of amphetamine type stimulants (ATS) has grown to epidemic proportions in the more urban areas and has finally caught the attention of influential policy makers.

The GOL has made public commitments to eventually becoming a party to the 1988 UN Drug Convention, and in the meantime, to attempt to abide by the provisions of that Convention. In practice, progress toward this goal has been slow and uneven. The most problematic area for the Lao government in meeting the objectives of the Convention is its failure to prevent and punish narcotics-related corruption.

III. Country Actions Against Drugs in 2002

Policy Initiatives. The GOL has repeatedly re-enforced its commitment to eventually eliminate opium production in Laos. The current target date is 2005. The President has personally told all the provincial governors (who hold almost feudal powers within their districts) that the continuation of their jobs depends directly on their ability to reduce drug cultivation in their provinces. The GOL followed up with efforts throughout the year to train government personnel and inform the public of its counternarcotics goals. It reinvigorated ongoing programs of preventive education. The Prime Minister's Office launched a major new initiative regarding methamphetamine abuse.

The GOL continued to work closely with the UNODC on a master strategy for opium elimination that includes alternative development, law enforcement, and demand reduction elements. A couple of projects under that strategy, such as a UNODC designed drug treatment center in Vientiane, were started with USG funding. Most of the plan, however, has remained on the drawing board because of lack of funds. The GOL provides little of its own funding to the drug effort except through provision of personnel. The government's reliance on international donors to support its counternarcotics programs makes those programs extremely vulnerable to developments outside the control of Laos. The government needs to devote more of its own resources to the fight against drugs.

Accomplishments. As in previous years, the GOL and UNODC conducted an opium field survey of nearly 400 villages in 11 provinces of northern Laos. The survey produced new data that will aid the GOL and the donors in further refining their counternarcotics efforts. The Lao showed increased willingness to discuss regional drug issues with their neighbors, and with outsiders. The counternarcotics police in Phongsali have an ongoing operational level relationship with their Yunnanese counterparts, but this seems based more on personal contacts rather than any broader policy. Senior Lao police officials from provinces bordering Thailand met with their Thai counterparts to discuss measures for increasing drug interdiction cooperation. The Lao government also participated in a four-way Chinese counternarcotics initiative focused on the Mekong. This initiative also involves Thailand and Burma, since the planned development of the Mekong River as an international waterway is sure to bring about increased drug transport by boat. A number of Lao police have received training at the PRC police academy in Kunming.

Law Enforcement Efforts. The Department of State's Bureau for International Narcotics and Law Enforcement Affairs (INL) funds the administrative expenses of the Drug Control Department (DCD) of the Ministry of Interior (MOI). The DCD now supervises INL-funded counternarcotics police offices (CNOs) in ten provinces. The CNOs, along with other provincial police offices, reported 235 cases in 2002, resulting in the arrests of 472 suspects, of whom 142 were female and 8 were foreign nationals. This represents a substantial increase over 2001's 196 cases with 350 arrested. Most arrests were of small-scale traffickers. These cases lead to the seizure of 19.2 kilograms of heroin, 260 kilograms of opium, 1,488,395 methamphetamine tablets, and 3,008 kilograms of cannabis. Trafficker vehicles, weapons, and cash were confiscated in some cases.

Total seizures for heroin and opium decreased markedly from 2001, by 63 percent and 46 percent, respectively. However, seizures were up for methamphetamine, confirming that trafficking of methamphetamine has increased substantially. The police handled 19 per cent more cases than they did in

2001. These cases resulted in the arrest of 34 per cent more suspects than were arrested in 2002. Of the foreigners arrested, one was Ghanaian, one was Vietnamese and six were Thai. In the meantime, the governments of Vietnam and Thailand continue to report that they were seizing very large quantities of drugs incoming from Laos and arresting many Lao traffickers. Notwithstanding GOL and donor efforts to improve the counternarcotics enforcement, police coordination, both within the GOL system and bilaterally with the U.S. government, remained weak.

Corruption. The Lao government states that it does not encourage or facilitate the production or distribution of illicit drugs. The GOL also has stated that it will not tolerate narcotics-related corruption. However, given Laos' poverty, the very low salaries of Lao government employees, and the growing evidence of significant trafficking inside Laos, it must be assumed that some officials and military personnel receive bribes from illicit drug trafficking. Drug traffickers in Laos reportedly are receiving protection from senior level officials who themselves may be involved. The Lao government publicized the arrest of a Vientiane police officer for trafficking heroin and methamphetamine in March 2002; other officials were reportedly transferred or "kicked upstairs" when suspected of involvement in trafficking. Laos has not demonstrated a commitment to enforce its counternarcotics legislation against high-ranking or well-connected individuals.

Agreements and Treaties. The U.S. and Lao governments have signed a Memorandum of Understanding (MOU) on counternarcotics cooperation in crop control every year since 1990. Bilateral law enforcement project agreements have been signed annually since 1992. A new MOU for demand reduction was implemented this year. Both countries have expressed their intention to continue and expand this cooperation. Although the GOL does not have a mutual legal assistance or extradition treaty with the United States, it has in the past cooperated in deporting drug traffickers to the United States.

Laos is a party to the 1971 UN Convention on Psychotropic Substances and the 1961 UN Single Convention. Although Laos is not yet a party to the 1988 UN Drug Convention, the GOL strives to meet the goals and objectives of that Convention. The GOL is committed to becoming a party to the Convention in the near future, and is working with UNODC to pass legislation, such as chemical control and money laundering regulations, necessary to bring it into compliance with the Convention.

Cultivation/Production. Opium is produced in the ten northern provinces of Laos as a cash or barter crop and as a traditional medicine. It is also produced to supply the very large number of Lao opium addicts. The extreme isolation of most opium-producing communities and the absence of economic alternatives make opium a life-or-death crop for the area's subsistence farmers, many of whom are tribal people. Efforts to present these poor farmers with viable alternatives are truly challenging and important. Crop substitution and alternative development programs to provide subsistence farmers with viable alternatives are an essential element of any counternarcotics strategy in Laos.

For the 2002 growing season, the United States estimated Laos' potential production at 180 metric tons, a 14 percent decrease from 2001's potential production of 210 metric tons. However, poppy cultivation increased by five percent, from 22,000 hectares in 2001 to 23,200, returning it to the same levels as 2000. U.S. data indicates that Phongsali and Houaphan provinces continue to be the largest producers of opium poppy. The UNODC survey, on the other hand, shows an 18 per cent reduction in cultivation: down from 17,255 ha. in 2001 to 14,052 ha in 2002, with the largest cultivation in Huaphan and Luang Prabang. Actual Opium produced was estimated to have declined from 134 MT in 2001 to 112 Mt in 2002.

Drug Flow/Transit. The GOL's ability to control the flow of narcotics within the country and across its lengthy, porous borders is severely limited by lack of personnel, resources, and expertise. It also is hard for central government personnel even to reach isolated areas of the country. Effective control over borders with Thailand, Burma, China, Vietnam, and Cambodia exists only in the vicinity of major population areas, along principal land routes, and at established river crossings. As Lao road infrastructure improves, and as interdiction efforts on Burma's borders with China and Thailand grow more efficient, Laos is becoming a more popular route for illicit drugs. Vietnam and Thailand continued to report ever-increasing drug flows entering their territories via Laos. The U.S. Customs Service reported seizing a large number of

parcels containing Lao-origin opium and heroin at U.S. ports of entry. The USG plans to provide two x-ray machines to monitor and deter use of this trafficking route.

Domestic (Demand Reduction and Treatment) Programs. The Abuse of amphetamine type stimulants (ATS) has grown sharply in Lao cities and has, at last, captured the attention of the GOL. This is primarily an urban problem among the Lowland Lao (many of them the children of the GOL elite) whereas opium abuse is found in older, rural hill tribe populations. The GOL (with the help of UNODC, the U.S., and others) is formulating a national demand reduction strategy that will focus on the ATS epidemic.

Opium addiction is still the main drug use problem in Laos, and the UNODC estimates that Laos has an addiction rate that is second only to that found in Iran. Addiction is overwhelmingly a rural phenomenon and concentrated in the north of the country. Many addicts use opium as a folk panacea, because they have no access to health care. In its 2002 opium survey, UNODC estimates nationwide opium addict population of 56,613, a slight decrease from last year's estimate of 58,000. According to UNODC calculations, 2.18 percent of the population above 15 years is addicted to opium. The GOL is putting great emphasis on detoxification programs for addicts, although implementation details are left to provincial administrations. The location of most addicts in remote, often inaccessible rural areas increases the cost and difficulty of treatment and follow up. In most cases, the police rather than public health officials are in charge of detoxification and rehabilitation.

Due to a lack of donor funding, the GOL did not carry out any new drug use surveys in 2002. According to a 1999 UNODC survey of Vientiane student drug use, a full 17 percent of Vientiane teenagers have experimented with drugs of one kind or another, including methamphetamine. Similar UNODC surveys conducted in 2000 indicated that methamphetamine use is also becoming significant in the cities of Luang Prabang and Savannakhet. The studies indicated that 5.5 per cent of teenagers in Luang Prabang and 7.6 per cent of teenagers in Savannakhet have used drugs at least once. Press articles and anecdotal evidence indicate that methamphetamine use is also spreading to outlying villages.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The United States focuses on helping the GOL achieve three primary counternarcotics objectives: elimination of opium poppy cultivation, suppression of illicit drug and precursor chemical trafficking, and drug education and treatment programs. The USG has addressed the first goal through bilateral crop control projects. The USG works closely with the UNODC and other donors of development assistance to ensure that counternarcotics objectives are included in all rural development programs in northern Laos. Suppression of trafficking is pursued through support of special counternarcotics police units and the Lao customs service. Additional support has been provided to the Lao National Commission for Drug Control and Supervision (LCDC), which has overall policy direction for counternarcotics activities under the Office of the President.

Bilateral Cooperation. In 1999, the USG began funding a crop control and development project in Phongsali, one of Laos' most important opium-producing provinces. This project was modeled after the successful Lao-American Project in Huaphan province. The road building portions of several new projects have begun in Luang Prabang and Xayaboury. The USG also is supporting a new Lao initiative in the area of demand reduction for methamphetamine abuse, particularly among teenage students. Through December of 2002, 67 GOL police received in-country DEA training. More DEA and U.S. Customs training is planned for 2003, including special training on two U.S. purchased x-ray machines. Lao police, customs, and justice officials have been active participants in US-funded training sessions at the International Law Enforcement Academy (ILEA) in Bangkok. Approximately 320 Lao officials have been trained at ILEA since the academy began operations in February 1999-120 in 2002, alone.

The Road Ahead. In order to meet its goal of completely eliminating opium production, Laos must change the age-old practices of isolated, culturally distinct highland farmers—no easy task. In addition,

Laos needs to upgrade its law enforcement capacity, before social and economic modernizations exacerbate the problems of narcotics production and trafficking. In support of GOL efforts, the USG will continue to provide crop control and development assistance to northern Laos, with particular emphasis on cooperation with UNODC and other interested donors. The GOL also must make efforts to arrest major traffickers and the officials who support them. The GOL also needs to improve coordination between law enforcement bodies to translate enhanced capabilities into additional and more effective law enforcement operations, including significant seizures. The USG is committed to supporting GOL counternarcotics efforts, in recognition of gradual GOL progress in this area and of the many development challenges that hamper the GOL's ability to achieve its counternarcotics objectives on its own. Future counternarcotics achievements will depend on the GOL's effective use of both its own resources and those of interested donors.

Laos Statistics

(1993–2001)

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Opium¹										
Potential Harvest (ha)	23,200	22,000	23,150	21,800	26,100	28,150	25,250	19,650	18,520	26,040
Cultivation (ha)		—	—	—	—	28,150	25,250	19,650	18,520	26,040
Potential Yield (mt)	180	200	210	140	140	210	200	180	85	180
Seizures										
Opium (mt)	0.260	.478	0.078	0.226	0.442	0.200	0.216	0.194	0.054	0.054
Cannabis (mt)	3.08	1.96	1.86	2.19	0.41	4.16	1.18	0.64	6.14	0.26
Heroin (mt)	0.019	0.052	0.020	0.015	0.080	0.072	0.016	0.043	0.062	0.001

¹ Narcotics and law enforcement statistics have not been kept in the past by the Government of Laos. Although the Counternarcotics Committee is now charged with the responsibility, most of the statistics available have been gleaned from the Lao press.

Malaysia

I. Summary

Malaysia does not produce a significant amount of illegal drugs. Heroin and other drugs from neighboring Southeast Asian countries transit Malaysia, but there is little evidence that a significant amount of illegal drugs reaches the U.S. Market through Malaysia. Domestic drug abuse, especially of synthetic drugs, continues to grow. Malaysia's competent counternarcotics officials and police officers have the full support of senior government officials. Overall, narcotics-related arrests and seizures rose again in 2002. A significant trend for this year is the steady increase in cocaine and psychotropic pill seizures. Cooperation with the U.S. on combating drug trafficking is excellent. Malaysia is a party to the 1988 UN Drug Convention.

II. Status of Country

Malaysia does not produce a significant amount of illicit drugs. Some heroin and opium from the nearby Golden Triangle area transit Malaysia, but there is little evidence that a significant amount of this heroin reaches the U.S. market. Increasing amounts of other drugs, primarily psychotropic pills (amphetamine type stimulants or ATS) and crystal methamphetamine, also transit Malaysia. Statistics from Malaysia's national narcotics agency indicate there are approximately 212,000 drug users in the country. Between January and October 2002, 25,637 cases of drug addiction were detected by the authorities compared to 25,146 cases during the same period in 2001, an increase of 1.95 percent. Of the 2002 cases, 13,468 were new cases and 12,169 were relapse cases. Anecdotal reports indicate that domestic drug abuse, primarily of heroin, psychotropic pills (ATS), including ecstasy, and crystal methamphetamine is growing. An inhaled cocktail of heroin and crystal methamphetamine continues to be popular. According to the Ministry of Health, there were no known cases of precursor chemical diversion this year. In December 2000 the Ministry of Health tightened controls on all previously unregulated chemicals cited in the UN drug convention. The Ministry of Health is pursuing legislation to increase penalties relating to the diversion of precursor chemicals.

III. Country Actions Against Drugs in 2002

Policy Initiatives. The National Narcotics Agency (NNA) is the policy arm of Malaysia's counternarcotics strategy. In response to increased seizure and abuse of methamphetamine in previous years, the NNA continued to expand the scope of a year 2000 demand reduction and public awareness campaign against ecstasy to include all types of methamphetamine and synthetic drugs. In cooperation with the NNA, the Malaysian Chinese association (MCA), a predominantly ethnic Chinese political party that forms part of the government's ruling coalition, joined in this effort.

The NNA is also coordinating demand reduction efforts with various cabinet ministries to target vulnerable populations, including long-haul truckers, impoverished fishing communities and residents of federal land grant settlements in provincial areas. The NNA continued to coordinate with the Ministry of Transportation to create drug-testing checkpoints at border areas and ad hoc road blocks to target long-haul truckers using methamphetamine. NNA and the Agriculture Ministry's Fisheries Department are targeting methamphetamine users in fishing communities where hard physical labor and long hours at sea invite methamphetamine use. Residents of federal land grant areas (known as felda settlers) are also being targeted because of the increased incidence of drug abuse and trafficking among these settlements. According to a Ministry of Health official, the ministry is working with the attorney general's chambers to draft amendments to the poisons act to strengthen existing laws against the diversion of precursor chemicals.

Accomplishments. A solid institutional and policy foundation supports Malaysian counternarcotics efforts. Prime Minister Mahathir and other senior Malaysian officials routinely speak out against drug use. Existing Malaysian law provides for the seizure of assets from the proceeds of narcotics crimes. Law enforcement efforts were focused on the sale, transport and distribution of narcotics, especially ATS, within Malaysia and abroad. The Malaysian parliament in 2002 passed legislation that allows Malaysia to enter into negotiation with the U.S. on a mutual legal assistance treaty (MLAT). An extradition treaty between the U.S. and Malaysia entered into force in 1997, but has not yet been tested.

Law Enforcement Efforts. Malaysian police have continued to investigate and prosecute narcotics crimes vigorously, identifying abusers and traffickers, and limiting the distribution, sale, and financing of illicit drugs in Malaysia. Narcotics arrests and seizures for the first ten months of 2002 were generally above year 2001 levels. Cocaine heroin and psychotropic pill seizures rose sharply. However, ecstasy and opium seizures declined. Between January and October 2002 law enforcement officers seized 398.6 kilograms of heroin, compared to 221.3 kilograms in the first ten months of 2001. During the same period, ecstasy seizures decreased from 345,254 pills in 2001 to 169,306 pills in 2002. However, seizures of psychotropic pills increased sharply from 108,042 pills in 2001 to 1,584,360 pills between January and October 2002. Drug-related arrests through October 2002 totaled 21,551 persons, a fifteen percent increase over total arrests during the corresponding period in 2001. Narcotics-related detentions without trial under Malaysia's "special preventive measures" between January and October increased from 1,665 in 2001 to 1,821 in 2002. Seizures of clandestine labs during this period increased to 23, up from 17 in 2001.

Corruption. Malaysia has an anticorruption agency with no power to prosecute, but with the power to investigate independently and make arrests. No senior officials were arrested for drug-related corruption in 2002 and there was no evidence that the government tolerates or facilitates the production, distribution, or sale of illegal drugs.

Agreements and Treaties. While the U.S.-Malaysian Extradition Treaty is relatively new, initial cooperation has been good. The Malaysian police are cooperating with U.S. officials in several cases that may ultimately lead to formal extradition of a suspect to the United States. Malaysia is a party to the 1988 UN Drug Convention.

Drug Flow/Transit. Malaysia's geographic proximity to the heroin production areas and methamphetamine labs of the Golden Triangle leads almost naturally to smuggling routes across Malaysian borders, primarily destined for Australia. While heroin and methamphetamines transiting Malaysia do not appear to make a significant impact on the U.S. market, there are indications that groups of third country nationals are using Malaysia as a transit point for modest shipments of heroin bound for the United States.

Domestic Programs (Demand Reduction). Demand reduction programs in public schools and a drug-free workplace prevention program initiated in 1999 continued in 2002. Since available evidence indicates that abuse of methamphetamine and other synthetics is growing, the NNA expanded the scope of its anti-ecstasy demand reduction drive to include methamphetamine. Fifty percent of publicly funded drug treatment centers use the therapeutic community (TC) approach for treating drug addiction. Government statistics indicate that 9,082 persons are undergoing treatment at Malaysia's 27 public rehabilitation facilities. The government is also licensing nearly 300 additional private medical clinics to rehabilitate drug users.

IV. U.S. Policy Initiatives and Programs

U.S. goals and objectives in the coming year are to:

- continue to pursue a mutual legal assistance treaty (MLAT).
- urge the government to enact anticonspiracy laws to strengthen Malaysia's counternarcotics efforts.

- continue and expand successful cooperation in law enforcement.
- encourage the government to increase penalties for diversion of precursor chemicals.

Bilateral Cooperation. U.S. counternarcotics training continued in 2002 via the International Law Enforcement Academy (ILEA) in Bangkok and the “Baker-Mint” counternarcotics training program sponsored by the U.S. Department of Defense. The Baker-Mint program aims to raise the operational skill level of local counternarcotics law enforcement officers. ILEA Bangkok training addressed various topics such as chemical precursors, financial investigations (money laundering), controlled deliveries, and operational planning of narcotics investigations. The U.S. also funded drug treatment training in 2002 for local drug treatment professionals.

Road Ahead. U.S. Law enforcement agencies will continue to cooperate with Malaysian authorities to monitor and interdict drugs transiting Malaysia. U.S.-funded counternarcotics training for local law enforcement and modest assistance for domestic demand reduction and treatment programs will continue. The U.S. will continue to pursue an MLAT with Malaysia. A mutual legal assistance treaty would assist U.S. law enforcement in obtaining information and investigative assistance from Malaysian counterparts.

Mongolia

I. Summary

Drug trafficking and abuse are not widespread in Mongolia, but continue to rise and draw the attention of the government and concerned NGOs. Mongolia's burgeoning young urban population is especially vulnerable to the growing drug trade. The government continues to implement the National Program for Fighting Narcotics and Drugs adopted in March 2000. The National Council headed by the Minister of Justice coordinates the implementation of this program. The program is aimed at preventing drug addiction, drug-related crimes, creating a legal basis for fighting drugs, and raising public awareness of this issue.

II. Status of Country

Mongolia's long unprotected borders with the Russian Federation and the People's Republic of China are vulnerable to all types of illegal trade, including drug trafficking. Illegal migrants, mostly traveling from China through Mongolia to Russia and Europe, sometimes traffic in drugs. Police suspect that trafficking in persons and prostitution are also connected to the drug trade.

III. Country Actions Against Drugs in 2002

The government has made the protection of Mongolia's borders a priority. U.S.-sponsored projects to promote Mongolia's participation in regional law-enforcement conferences and training have provided continuing assistance to the GOM's own efforts to gain better control of its borders. A lack of financial and technical capacity and resources, along with growing corruption hinder Mongolia's ability to patrol its borders, detect illegal smuggling, and investigate transnational criminal cases.

Mongolia is a party to the 1961 UN Single Convention, its 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. However, it is not a party to the 1988 UN Drug Convention, although consideration of becoming a party to the Convention continues. The Government of Mongolia attempts to meet the goals and objectives of international initiatives on drugs. The United States and Mongolia have in force a customs mutual legal assistance agreement.

Sporadic reports indicate that the availability and abuse of marijuana, heroin, amphetamines, and certain over-the-counter drugs have increased. The Mongolian government, now alert to precursor chemical production and export issues, has closed facilities suspected of diverting chemicals to illicit uses, but foreign (Chinese and Russian criminal groups') interest in the production, export, and transit of precursor chemicals in Mongolia continues to be reported, for example, in connection with planned investments, etc.. The weakness of the legal system and financial institutions leaves Mongolia vulnerable to exploitation by drug traffickers and international criminal organizations, particularly those operating in China and Russia.

Growth in international trade and the number of visitors to Mongolia increase concerns about a rise in transnational organized crime. Mongolia's inexperienced law-enforcement agencies find it difficult to deal with sophisticated criminal groups from Russia and China.

Domestic NGOs work to fight drug addiction and the spread of narcotics, as well as trafficking in women. International donors are working with the government to help Mongolia to develop the capacity to address narcotics and related criminal activities before they become a serious burden on Mongolia's development.

IV. U.S. Policy Initiatives and Programs

U.S. government assistance in these efforts has included international visitor programs on transnational crime and counternarcotics, as well as joint operations and training by regional representatives of the Drug Enforcement Agency, the U.S. Customs Service, the Internal Revenue Service, and the U.S. Secret Service

The Road Ahead. The U.S. has tried to assist Mongolia's own efforts to improve border control, and will continue to assist those efforts in the future.

North Korea

Summary

For years during the 1970s and 1980s and into the 1990s, citizens of the Democratic People's Republic of (North) Korea (DPRK), many of them diplomatic employees of the government, were apprehended abroad while trafficking in narcotics and breaking other laws. More recently, police investigation of suspects apprehended while making large illicit shipments of heroin and methamphetamine to Taiwan and Japan have revealed a North Korean connection to the drugs. Police interrogation of suspects apprehended while trafficking in illicit drugs developed credible reports of North Korean boats engaged in transporting heroin and uniformed North Korean personnel transferring drugs from North Korean vessels to traffickers' boats. These reports raise the question whether the North Korean government cultivates opium illicitly, refines opium into heroin, and manufactures methamphetamine drugs in North Korea as a state-organized and directed activity, with the objective of trafficking in these drugs to earn foreign exchange.

Developments in 2002

There were fewer reports of drug seizures linked to North Korea this year than last. But there were reports of two large seizures—one of 79 kilograms of heroin on Taiwan and another of 150 kilograms of methamphetamine in Japan—typical of recent years' seizures with a DPRK connection. There is still no evidence that even a single incident of trafficking from the DPRK has had any impact on the U.S. Evidence of large-scale illicit poppy cultivation in the DPRK is either old or circumstantial. Shortages of fertilizer, energy, and insecticides make all agriculture, including poppy cultivation, in the DPRK difficult. The International Narcotics Control Board (INCB) lists only 63 hectares of licit poppy cultivation in the DPRK. Since the USG has been unable to confirm wide-scale illicit cultivation, we have dropped estimates of possible illicit cultivation included in this report in the past.

The DPRK government, it is alleged, illicitly produces narcotic drugs and traffics in them to earn foreign exchange. Since such allegations are not made of other countries, it is appropriate to ask if other known actions of the DPRK give credence to such an allegation. During 2002, the DPRK government admitted involvement in kidnappings of Japanese nationals and admitted years of deception of the international community, as the regime attempted to develop nuclear weapons. Salvage of a sunken DPRK gun boat in waters off Japan also added to our knowledge of amphetamine trafficking to Japan from the DPRK. Collectively, these developments tended to strengthen suspicion that the DPRK might be involved in state-directed trafficking by demonstrating other sorts of rogue activities the DPRK is willing to engage in. It, nevertheless, remains possible that criminal elements, or some rogue military organization in the DPRK, are trafficking on their own, without formal state direction.

Two Drug Seizures With a DPRK Connection

On July 2, 2002, authorities on Taiwan apprehended nine men on suspicion of attempting to smuggle 79 kilograms of heroin with an estimated street value of NT 300-400 million dollars (\$9-\$12 million) from North Korea. The arrests came in the wake of a tip police on Taiwan received in 2001 indicating the existence of a North Korea-Taiwan smuggling scheme. Police on Taiwan note that the ring had already smuggled into Taiwan as much as 200 kilograms of heroin in the past four months.

The heroin seized in this incident had been placed on a North Korean naval vessel from which it was transferred to a Taiwan fishing vessel. Authorities on Taiwan report that corrupt North Korean naval officers facilitated the transaction. Police on Taiwan, who had been monitoring the fishing vessel, arrested seven of its crew along with two other suspects after it discharged its cargo in Keelung on Taiwan.

Authorities on Taiwan were aware of this incident of trafficking well before the apprehension, and they have firmly established the connection between this incident and the DPRK.

On January 6, 2002, the Japanese Coast Guard seized 150 kilograms of methamphetamine from a Chinese ship off the coast of Fukuoka. The drugs seized were neatly packaged in one kilogram, vacuum packed bags with 15 bags to a crate. The drugs were of high purity, leading police to suspect DPRK manufacture. According to Japanese police, the Chinese vessel carrying the drugs had rendezvoused with a North Korean vessel in North Korean territorial waters to pick up the drugs. They were loaded aboard the Chinese fishing vessel by ten North Koreans in uniform. There were indications that the traffickers involved in this large-scale methamphetamine trafficking operation had connections to Hong Kong and Japanese organized crime and had earlier been involved in methamphetamine smuggling to the Philippines.

Both of the above seizures involve at-sea rendezvous with North Korean vessels and the presence of apparently official (i.e., uniformed) North Korea nationals and the use of state-owned assets (i.e., boats). Organized crime elements in Japan and Hong Kong and on Taiwan, depending on the incident, were also apparently involved with the North Koreans in on-going trafficking on a large scale. This pattern is typical of many recent trafficking incidents to Japan and to Taiwan, and suggests that similar trafficking is succeeding in both places, and perhaps elsewhere (viz., Philippines). Japanese police continue to point to North Korea as the source for a considerable share (ca. one-third) of the large quantities of methamphetamine smuggled into Japan.

No DPRK Trafficking to the U.S.; No Conclusive Evidence of Illicit Opium Production in North Korea

There is no single case of drug trafficking with a North Korean connection to the United States. U.S. enforcement authorities remain vigilant and any future incident will be noted in future editions of this report.

Indications from North Korean defectors that the DPRK produces illicit opium on a large scale and refines at least some share of that production into heroin continue, but even recent defector reports refer to events that are now more than ten years old, and remain unconfirmed by any independent evaluation. Heroin trafficking with a DPRK connection also continues, suggesting the possibility of illicit production of heroin in the DPRK, but the USG has not been able to confirm illicit opium cultivation or heroin production. The crisis in DPRK agriculture, with energy, fertilizer, and insecticides in short supply, suggests that even large-scale illicit cultivation in the past cannot be sustained under current conditions. In the absence of any confirmation, past estimates included in this report of large-scale illicit opium cultivation in the DPRK have been dropped this year.

At least 63 hectares of opium poppy is licitly cultivated in the DPRK. DPRK officials readily acknowledged this cultivation, and showed it to recent visitors from the International Narcotics Control Board. It is apparently intended for domestic medicinal use. News reports after the INCB visit to North Korea noted that DPRK officials told the visiting INCB team the DPRK was considering becoming a party to international narcotics conventions.

Allegations of State-Sponsored Drug Trafficking

The major question dealt with in this report is whether drug trafficking with a DPRK connection is state-directed. The context for analyzing the limited information we have about this issue has changed significantly in the past year. Allegations of kidnapping of Japanese nationals and their forced re-settling in North Korea—viewed by many as too bizarre to receive serious consideration—have been confirmed. High-level North Korean officials have also admitted that for years the DPRK has attempted to develop nuclear weapons, while denying publicly that the DPRK was doing so.

A DPRK vessel, apparently scuttled by its crew when capture by the Japanese Coast Guard seemed imminent, was salvaged by the Japanese government. Reports indicate that the boat was similar in design, indeed perhaps identical, to DPRK vessels suspected of being engaged in drug smuggling. Moreover, a cell phone recovered from the vessel apparently contained stored phone numbers of known criminal elements (Yakusa) in Japan. These and other revelations from the DPRK (viz., famine deaths, refugee departures) suggest an increasingly desperate situation and/or a lack of concern for responsible state behavior, which might well include a willingness to engage in state-directed drug trafficking for profit. Nevertheless, it certainly remains possible, as investigators on Taiwan suggested in the incident described above, that criminal, rogue or corrupted elements among the DPRK population are trafficking for personal profit, without state involvement or direction.

Allegations of North Korean state complicity in the illicit narcotics trade and in other criminal enterprises remain profoundly troubling. Despite close and careful monitoring of North Korea by many law enforcement and foreign affairs agencies, the United States has not been able to determine the extent to which the North Korean government is involved in manufacturing and trafficking in illegal drugs.

Palau

I. Summary

Palau is not a major drug trafficking or producing country or a source of precursor chemicals for production of narcotic drugs, although the possibility for drug transit exists. To curtail drug use, Palau has ongoing counternarcotics campaigns as well as drug treatment and counseling programs. Palau is not a party to the 1988 UN Drug Convention, but it is a party to the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances.

II. Country Status

The Republic of Palau is an island nation of approximately 19,000 with a constitutional government, whose structure is comparable to that of the United States. Palau is a former trust territory of the United States that became independent on October 1, 1994. There is some crime in Palau, but it is not a major drug trafficking or producing country, nor a source of precursor chemicals for production of narcotic drugs.

Palau is an attractive tourist destination, especially for divers. The island has good air connections to many regional destinations. The possibility for drug transit exists. Authorities are aware of this danger and take steps to counter it through attentive enforcement. The USG has no evidence that any high-level official in Palau facilitates drug trafficking for personal gain. Small-scale corruption that might facilitate trafficking is a possibility, but Palau authorities, focused on maintaining Palau as an attractive tourist destination, are attentive to corruption and punish it when it comes to their attention.

III. Country Actions Against Drugs in 2002

In 2002, Felix Maidesil and Frankie Borja, both former police officers, were sentenced to 50 years imprisonment and a US\$100,000 fine, and 30 years imprisonment and a US\$50,000 fine, respectively. In the same year, a Hong Kong citizen, Liu Man Cheun, a.k.a. Eddie Liu, was sentenced to 50 years imprisonment and US\$150,000 fine. Mr. Liu was considered to be the biggest importer of illegal drugs, including methamphetamine, from Asia. On January 6, 2003 he escaped from the local jail.

The Ministry also conducted cannabis drug busts in 2002. Over 50 cannabis farms were raided and plants with estimated value of US\$3.5 million, street value, were seized.

IV. U.S. Policy Initiatives and Programs

DEA works closely with Palau authorities on cases of mutual interest. No other direct U.S. narcotics assistance is planned.

The Road Ahead. The U.S. will continue to cooperate with the authorities of Palau on specific narcotics cases of mutual interest.

Papua New Guinea, Solomon Islands, and Vanuatu

I. Summary

Drug trafficking does not occur on a significant or commercial scale in Papua New Guinea (PNG), Solomon Islands, or Vanuatu. However, Australian law enforcement authorities have identified the Highlands Provinces of Papua New Guinea as a small-volume source of cannabis that makes its way into Australia via the Western Province and over the Torres Strait. In the three countries drug abuse among urban youth is a growing concern, with cannabis usage and glue or solvent sniffing the most popular drugs of abuse in PNG and the Solomon Islands, especially by poor, and usually unemployed, urban youth. Vanuatu authorities have in recent years made infrequent and small seizures of amphetamine and some synthetics (such as Ecstasy (MDMA)), which they assert were imported from Asia and were intended for the country's affluent youth.

There are no reliable quantitative measures of either trafficking or abuse in these three countries. Beyond the regular activities of their poorly resourced and poorly managed law enforcement agencies, none of the countries has a centrally directed narcotics control strategy. Though PNG passed legislation creating a Narcotics Control Board in 1992, it has yet to be established or staffed. Papua New Guinea is a party to the 1961 UN Single Convention, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. The Solomon Islands is a party to the 1961 UN Single Convention on Narcotic Drugs, as amended by the 1972 Protocol. None of the three countries is a party to the 1988 UN Drug Conventions.

II. Status of the Countries

There is no evidence of significant levels of illicit drug production or transit in Papua New Guinea, Solomon Islands, or Vanuatu. Cases of potential narcotics transshipment occasionally come to light in Papua New Guinea, but there is no persistent pattern. In Papua New Guinea, however, there is evidence of small-scale cannabis cultivation and export, primarily to Australia. This activity may also be related to smuggling of small arms into Australia. None of these countries is a source of precursor chemicals.

In one case in 2000, a local PNG firm allegedly made arrangements to import pseudo-ephedrine in quantities far in excess of legitimate domestic requirements. Government authorities revoked the import authorization when they discovered irregularities in its issuance. The potential involvement of organized drug-traffickers in the case was investigated by PNG law enforcement agencies though the findings were never made public.

III. Country Actions Against Drugs in 2002

Due to the very limited extent of drug trafficking and abuse in Papua New Guinea, Solomon Islands, and Vanuatu, law enforcement agencies have not established separate initiatives for countering cultivation, production, and distribution of illegal drugs. Similarly, asset seizure, extradition, and mutual legal assistance in narcotics cases occur too infrequently to form the basis for an assessment of the governments' performance in these areas. In general, however, the law enforcement agencies of all three countries have shown themselves to be willing to cooperate with other countries on narcotics enforcement as needed, given resource constraints. There is no evidence of narcotics-related corruption in these countries.

The Philippines

I. Summary

After many years of hard work, the Government of the Philippines (GRP) passed and signed into law comprehensive counternarcotics legislation during 2002. The new law establishes a high-level Dangerous Drug Board (DDB) responsible for formulating policy and a Philippine Drug Enforcement Agency (PDEA) responsible for implementation and enforcement. The law also significantly increases all drug-related penalties and introduces penalties related to precursors and essential chemicals. While this legislation is a major accomplishment in the Philippines' ability to combat drugs, the country continues to serve as a transit point and producer of crystal methamphetamine and cannabis, and increasing evidence indicates links between terrorist organizations and drug trafficking activities.

II. Status of Country

Crystal methamphetamine, known locally as "shabu", is the most commonly abused drug in the Philippines. Domestic production of methamphetamine is a growing problem, but most of the supply is smuggled into the Philippines from surrounding countries, primarily the People's Republic of China (PRC). Authorities estimate that the wholesale price of methamphetamine ranges from 800,000 to 1,000,000 pesos per kilogram (\$16,000 to 20,000). The same methamphetamine sells on the street for twice that amount. The Philippines also serves as a transshipment point for further export of "shabu" to Japan, Australia, Korea, the U.S., Guam, and Saipan.

The Philippines also produces, consumes and exports cannabis. Authorities continue to encounter difficulties stemming production. Cannabis is generally cultivated in areas inaccessible by vehicles and/or controlled by insurgent groups. Corruption and inefficiency among government officials also complicate eradication efforts. Most of the cannabis produced in the Philippines is consumed locally, with the remainder smuggled out to Australia, Japan, Malaysia, Taiwan and Europe. The wholesale price of cannabis is estimated around 1,160 pesos per kilogram (\$23.20). Street price varies according to the quality of the product. Methyldioxymethamphetamine (MDMA), commonly known as Ecstasy, is rapidly becoming a popular recreational drug in the Philippines. GRP authorities report a surge in Ecstasy use among young, prosperous adults, particularly in bars and clubs. The street price for an Ecstasy tablet is estimated to be 1,500 pesos (\$30).

III. Country Actions Against Drugs in 2002

Policy Initiatives. In her July 2002 State of the Nation Address, President Gloria Macapagal-Arroyo vowed to "build a strong republic" by enhancing peace and order. She went on to promise that drug lords would be considered "enemies of the state." Following on Arroyo's announcement, National Security Advisor Roilo Golez listed the drug menace as "Public Enemy No. 1 of the entire Filipino people."

On June 7, the President signed a comprehensive counternarcotics law. The new legislation, titled the "Comprehensive Dangerous Drugs Act of 2002," replaces the antiquated "Dangerous Drugs Act of 1972" and dramatically strengthens the Philippines' counternarcotics efforts. Before the new law, GRP counternarcotics efforts were decentralized. Separate narcotics units existed in each Philippine law enforcement agency, competing for funding and jurisdiction. The new law established a "Philippine Drug Enforcement Agency" (PDEA) modeled after the U.S. DEA. Under its mandate, PDEA will absorb existing counternarcotics units and their responsibilities, with extensive screening of all officers. Following on the guideline of the Dangerous Drugs Act, President Arroyo appointed a PDEA Director General with the rank of Undersecretary, tasked with directing all counternarcotics-related operations.

An increase in the penalties (including the death penalty) for possessing small amounts of narcotics proved to be the most controversial elements of the law. For example, possessing over 10 grams (instead of the previous threshold of 40-50 grams) of opium, morphine, heroin, cocaine, cannabis resin, and designer drugs (like Ecstasy) now carries a penalty of life imprisonment or death (there is nothing in between presumably). The same penalties apply to possession of over 50 grams of crystal methamphetamine (only 25 percent of the previous threshold of 200 grams) or over 500 grams of cannabis (previously 750 grams). The accompanying fine for possessing these quantities remains at the Philippine peso equivalent of \$10,000 to \$200,000.

Persons who test positive for use of dangerous drugs will be required to complete 6 months of community service and rehabilitation for the first offense. The penalties for the second offense are 6 to 12 years in prison and a \$1,000 to \$4,000 fine. Noteworthy as well are requirements for drug testing for applicants for drivers or firearms licenses, and random drug-tests for students and government workers.

Accomplishments. In 2002, law enforcement agencies joined together with units from the Armed Forces of the Philippines to launch cannabis eradication operations. Some of the eradication campaigns took place in territory controlled by armed insurgent movements. Using manual techniques to eradicate cannabis, government entities successfully uprooted and destroyed 865,768 plants, 71,381 seedlings and 150 grams of seeds.

Philippine authorities estimate they seized record amounts of chemical and controlled precursors during 2002. GRP figures peg the amount of the confiscated goods at \$48,638,908. Also seized was a significant number of state-of-the-art laboratory equipment used to produce crystal methamphetamine. One such laboratory seized in Valenzuela City in December 2002 yielded 400 kilos of crystal methamphetamine and 600 kilos of methamphetamine in liquid form. Authorities dismantled three other labs during the year, arresting several Chinese nationals.

Law Enforcement Efforts. In 2002, Philippine authorities drew clear linkages between drug trafficking activities and terrorist organizations. According to government estimates, the New People's Army (NPA), a U.S.-designated terrorist organization that operates throughout the Philippines, receives money for providing safe-haven and security for many of the cannabis growers in the northern Philippines and collects "revolutionary taxes" on the sale of drugs. The Abu Sayyaf Group (ASG), another terrorist gang operating in the extreme southwest, collects money from drug smugglers by acting as protectors for foreign trafficking syndicates and controls a thriving cannabis production site in Basilan. In Moro Islamic Liberation Front-controlled areas in Central and Western Mindanao, mounting evidence indicates the presence of several clandestine methamphetamine laboratories. The drugs produced by these labs are distributed within the Philippines and possibly exported to other countries. PDEA, in consultation with other Philippine law enforcement agencies and U.S. DEA, is working to investigate such terrorist group involvement in drug trafficking.

Philippine law enforcement officials arrested 25,076 individuals in counternarcotics operations including 14,297 users, 10,733 pushers, 43 financiers, and 3 cultivators. Of this total, 37 are foreign nationals.

Corruption. Corruption, among the police, judiciary, and elected officials, continues to be a significant impediment to Filipino counternarcotics law enforcement efforts. The GRP takes steps to investigate specific instances of corruption brought to the attention of authorities. In 2002 prosecutors charged laboratory technicians with stealing drug evidence and prison officials for aiding and abetting known drug dealers. It is often difficult to distinguish between corruption and negligence, as illustrated by one heavily publicized case where a suspected trafficker escaped from his detention cell at the former Philippine National Police Narcotics Group headquarters.

Agreements and Treaties. The Philippines is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention, as amended by the 1972 Protocol, and the 1971 UN Convention on Psychotropic Substances. The Philippines also ratified the UN Convention against Transnational Organized Crime, the Protocol to Prevent, Suppress and Punish Trafficking in Persons, and the Protocol against the Smuggling

of Migrants. The U.S.-Philippines extradition and mutual legal assistance treaties of 1996 also remain in force.

Cultivation/Production. While the majority of the methamphetamine currently available in the Philippines is smuggled into the country, indigenous production of the drug continues to expand. Ephedrine, the main chemical used in the production of methamphetamine, clandestinely enters the Philippines from boats originating in China. The chemical is subsequently distributed to labs around the country.

Authorities calculate 98 identified cannabis plantation sites spread throughout nine different regions of the Philippines. The mountainous areas of northern Luzon, central Visayas, and central, southern and western Mindanao, account for the largest areas of cultivation.

Drug Flow/Transit. The Philippines is also an important transshipment point for narcotics heading elsewhere. Illegal drugs enter the country through seaports, economic zones, and airports. The Philippines, a nation with over 36,200 kilometers of coastline, is a smugglers' paradise. With over 7,000 islands, vast stretches of the Philippine coast are unpatrolled and uninhabited. Capitalizing on this phenomenon, drug traffickers use shipping containers, fishing boats, and cargo vessels, which off-load to smaller boats, to transport multiple hundred-kilogram quantities of methamphetamine and precursor chemicals. The country is also a transshipment point to further export of crystal methamphetamine to Japan, Australia, Korea, the U.S., Guam, and Saipan. Commercial air couriers and express mail services remain the primary means of shipment to Guam and to the mainland U.S., with a typical shipment size of one to four kilograms.

Traffickers using human couriers or "mules" to smuggle drugs sometimes use the Philippines as a transit point for heroin, but much less frequently than for the transshipment of methamphetamine. Heroin that is transshipped through the Philippines transits Thailand and Pakistan and is sometimes destined for mainland U.S., Guam, and Europe. In response to successful law enforcement efforts to stem courier activities, traffickers are looking for alternate shipment methods including using express mail services.

Personal use and transshipment of cocaine continues in the Philippines albeit at much lower levels compared to methamphetamine. As in previous years, law enforcement officials seized express mail parcels containing cocaine. This cocaine originated in South America and was apparently destined for the Philippines and other countries in Southeast Asia.

Domestic Programs (Demand Reduction). The Comprehensive Dangerous Drugs Act of 2002 also includes provisions mandating drug abuse education in schools, the establishment of provincial drug education centers, and drug-free workplace programs. Abusers who voluntarily enroll in treatment and rehabilitation centers are exempt from prosecution for illegal drug use. Although they estimate that the total number of drug users in the Philippines is approximately 1.8 million (about 2.2 percent of the population), GRP law enforcement agencies are still studying the issue to determine the number of addicts or abusers involved in each drug category.

IV. U.S. Policy Initiatives and Programs

The main goals of the U.S. counternarcotics policy in the Philippines are to: 1) work with local authorities to prevent the Philippines from being used as a transit point by trafficking organizations impacting the U.S.; 2) promote the development of PDEA as the focus for effective counternarcotics enforcement efforts in the Philippines; 3) halt the shipment of crystal methamphetamine to the U.S., including Guam and the Northern Mariana Islands; and 4) prevent the transshipment of heroin and/or other illegal drugs to the U.S.

Bilateral Cooperation. Counternarcotics cooperation between U.S. and GRP entities strengthened during 2002. U.S. DEA continues to work side by side with GRP counterparts to strengthen domestic counternarcotics capabilities and reduce the flow of drug to the U.S. In 2002, the International Law

Enforcement Academy in Bangkok (cosponsored by the U.S. and Thai governments) provided training to 17 GRP drug enforcement personnel, including 12 from the newly formed PDEA. The U.S. Agency for International Development conducted good governance programs to reduce corruption.

The Road Ahead. The upcoming year promises to be a pivotal period in the Philippines' war on drugs. The GRP will need to find ways to fully implement the Comprehensive Dangerous Drugs Act of 2002. This includes addressing PDEA's funding and staffing requirements. The USG plans to continue to work with the GRP to promote law enforcement institution building and encourage anticorruption mechanisms. Strengthening the counternarcotics bilateral relationship serves the national interests of both nations.

Singapore

I. Summary

The Government of Singapore (GOS) effectively enforces its stringent counternarcotics policies through strict laws (including the death penalty), vigorous law enforcement, and active prevention programs. Singapore is not a producer of precursor chemicals or narcotics, but as a major regional financial and transportation center, it is an attractive target for money launderers and drug transshipment. Singapore's counternarcotics law enforcement agencies are virtually free of drug-related corruption and regularly attend U.S.-sponsored training programs. Overall, Singapore is experiencing an increase in both drug trafficking and abuse. Seizures of heroin, MDMA (Ecstasy), ketamine, and methamphetamine all substantially increased in 2001 and 2002. Singapore is a party to the 1988 UN Drug Convention.

II. Status of Country

In 2002, there was no known production of illicit narcotics or precursor chemicals in Singapore. The Central Narcotics Bureau (CNB) works with the DEA to closely track the import of the modest amounts of precursor chemicals for legitimate processing and use in Singapore. CNB's precursor unit monitors and investigates any suspected diversion of precursors for illicit use. CNB also effectively monitors precursor chemicals that are transshipped through Singapore to other regional countries. Singapore utilizes pre-export notification to countries intended to receive precursor chemicals transshipped through Singapore.

Heroin and methamphetamine abuse in Singapore is growing. In 2001, Singapore CNB seized 106.7 kilograms of white (injectable) heroin, a 127 percent increase compared to 2000. The amount of "ice" (a crystal form of methamphetamine that is usually smoked) that law enforcement authorities seized in 2001 grew to 2.2 kilograms, more than double the 759 grams seized in 2000. Seizures of Thai methamphetamine tablets called "yaba," also rose. The number of "yaba" tablets seized in 2002 more than doubled from 2001, with the seizure of approximately 51,000 tablets, mainly from Thai trafficking organizations operating in Singapore. "Yaba" is usually smuggled into the country at ports of entry. Because of the increase in abuse of this form of methamphetamine, anyone caught with more than 250 grams is subject to the death penalty. Those convicted of possessing more than 25 grams will face charges of drug trafficking, which carries a minimum of five years imprisonment and five strokes of the cane.

III. Country Actions Against Drugs in 2002

Policy Initiatives. Singapore has continued to pursue a strategy of demand and supply reduction for drugs. This plan has meant that, in addition to arresting drug traffickers, Singapore has also focused on arresting and detaining drug abusers for treatment and rehabilitation. Through the Misuse of Drugs Act (MDA), the Central Narcotics Bureau (CNB) is empowered to commit all drug abusers to drug rehabilitation centers for mandatory treatment and rehabilitation.

As a result of Singapore's accession to the 1988 UN Drug Convention, the MDA was amended in 1998 to control the possession, supply, and manufacture of controlled substances. The amendment also provided regulations for the import, export, and transshipment of controlled substances. In May 2000, a new amendment to the MDA took effect, bringing two anesthetics under the law's purview. These substances are dihydroetorphine and remifentanyl, both known to be over 100 times more potent than morphine. This amendment came about after a decision by the UN Commission of Narcotic Drugs to include both drugs in schedules to the 1961 UN Single Convention on Narcotic Drugs, to which Singapore is also a party.

On the legislative front, Singapore enacted the Mutual Assistance in Criminal Matters (MACM) bill in 2000. This law builds upon the Drug Trafficking Act (DTA) of 1993, which provided a mechanism for mutual assistance with other countries in the fight against international drug money laundering. The MACM consolidates the existing mutual assistance provisions of the DTA and provides for more forms of assistance than were previously available under Singapore law.

Law Enforcement Efforts. After a steady decline in total number of people arrested on charges of possession, use and trafficking in narcotics for six years, 2001 saw a rise in arrests. According to the most current statistics available, seizures for Ecstasy) more than doubled in 2001 compared to 2000 drug seizure statistics. Almost 24,000 MDMA tablets and 0.26 kilogram of powdered MDMA were seized in 2001. The Singapore Central Narcotics Bureau (CNB) reports that 24 of the 48 major operations it mounted in 2001 were against drug syndicates. In 2001, authorities seized over 106 kilograms of heroin, 23,845 tablets of Ecstasy, 8.9 kilograms of ketamine, and almost 1 million dollars worth of assets.

Corruption. The CNB is charged with the enforcement of Singapore's counternarcotics laws. The CNB and other elements of the government are effective and virtually free of any form of corruption.

Agreements and Treaties. Singapore is a party to the 1988 UN Drug Convention, the 1961 UN Single Convention on Narcotic Drugs, the 1972 Protocol amending the Single Convention, and the 1971 UN Convention on Psychotropic Substances. Singapore and the United States continue to cooperate in extradition matters under the 1931 U.S.-UK extradition treaty. On November 3, 2000, Singapore and the United States signed a precedent-setting Drug Designation Agreement (DDA), strengthening existing cooperation between the two countries. In the past, the lack of such a bilateral assistance agreement had been an occasional handicap. The agreement provides for cooperation in asset forfeiture and sharing of proceeds in narcotics cases; in 2002 one joint case resulted in a \$1.9 million seizure of assets in Singaporean bank accounts.

The DDA has also facilitated the exchange of banking and corporate information on drug money laundering suspects and targets. This includes access to bank records, testimony of witnesses, and service of process. The DDA is the first such agreement Singapore has undertaken with another government. Singapore is negotiating similar accords with other nations. Singapore signed the UN Convention against Transnational Organized Crime in December 2000.

Cultivation/Production. There was no known cultivation or production of narcotics in Singapore during 2002.

Drug Flow/Transit. Singapore has the busiest (in tonnage) seaport in the world, and about 80 percent of the goods that enter its port are transshipped. Due to the sheer volume of cargo that transits the port, some of that cargo could contain illicit materials. The Government of Singapore (GOS) is aware of the problem and has taken action to stop the transshipment of illicit drugs, though there is room for improvement. Absent specific information about a drug shipment, GOS officials have been reluctant to impose tighter interdiction requirements at the port, out of concern that this would interfere with the free flow of goods and thus jeopardize Singapore's position as the region's primary shipping entry port.

Domestic Programs (Demand Reduction). Singapore uses a combination of punishment and rehabilitation against first-time drug offenders. Many first-time offenders are given rehabilitation instead of jail time. The government may detain addicts for rehabilitation for up to three years. In an effort to discourage Singapore citizens from using drugs during travel outside of Singapore, CNB officers may now require urinalysis tests for every Singapore citizen and permanent resident returning from outside the country. Those who test positive are treated as if they consumed the illegal drug in Singapore.

Adopting the theme "Prevention: The Best Remedy," Singapore authorities organize sporting events, concerts, plays, and other activities to reach out to all segments of Singapore society on drug prevention. Drug treatment centers, halfway houses, and job placement programs exist to help addicts readjust successfully to society. At the same time, the GOS has toughened antirecidivist laws. Three-time offenders face long mandatory sentences and caning. Convicted drug traffickers are subject to the death penalty.

IV. U.S. Policy Initiatives and Programs

Bilateral Cooperation. Singapore and the United States continue to enjoy excellent law enforcement cooperation. In 2002, approximately 35 GOS law enforcement officials attended training courses at the International Law Enforcement Academy (ILEA) in Bangkok on a variety of transnational crime topics.

The GOS has cooperated extensively in drug money laundering cases, including some sharing of recovered assets. Singapore law permits foreign governments to seek mutual assistance in drug trafficking cases, including the production of bank records upon entry into force of a mutual legal assistance treaty or a drug designation agreement, such as the one the United States and Singapore signed in November 2000.

The Road Ahead. The United States will continue to work closely with Singapore authorities on all narcotic trafficking and money laundering matters. In 2002 the United States signed a Container Security Initiative with Singapore which allows U.S. customs personnel to review port shipping data that will allow for increased transshipment monitoring efforts at the Singapore container port. While this initiative is primarily aimed at ensuring weapons of mass destruction do not enter the U.S., the increased information and scrutiny should also aid drug interdiction.

South Korea

I. Summary

The availability of illicit drugs for domestic use, primarily methamphetamine, appears to have increased by 11.3 percent based on seizures, and arrests for usage of illicit drugs have also increased. Prevalence of club drugs, like ecstasy, continues to increase, especially in metropolitan areas. The Korean Supreme Prosecutors Office and the Korean Customs Service have worked together diligently to increase drug awareness and otherwise reduce demand for drugs.

Cocaine and heroin transiting through South Korea increased by 20.4 percent from 2001 to 2002, based on seizures, but usage within the country seems to be marginal. Some diversion of heroin precursor chemicals seems to have occurred, but not in significant amounts. Precursor chemical diversion is of concern to Korean Law Enforcement Agencies, which are continuing to develop their enforcement skills through an ongoing precursor chemical diversion training program provided by the Drug Enforcement Administration. The ROK is a party to the 1988 UN Drug Convention.

II. Status of Country

In the past, the ROK has had a relatively moderate drug problem in comparison to other countries with similarly sized populations and land mass. But this situation is perhaps changing. Methamphetamine use is increasing and various club drugs, including ecstasy, methamphetamine in pill form from Thailand (Yaba), and ketamine are increasingly prevalent. Importation of heroin and cocaine for local consumption seems to have decreased, based on seizures. The overall drug user population (identified by arrests for usage) in Korea increased by more than eight percent over the past year. With 47 million people, Korea reported slightly over 10,000 drug arrests for 2001. But drug arrests for January through October of 2002 have already reached more than 10,000.

III. Country Actions Against Drugs in 2002

Policy Initiatives. The Supreme Prosecutors Office created Korea's very first national narcotics task force in 2001. The Joint Narcotics Intelligence Task Force (JNITF) was at first used strictly as an intelligence gathering unit, which passed collected data onto other investigative and enforcement agencies (local District Prosecutors Offices). The JNITF is presently being re-structured in order to become an operational enforcement unit capable of conducting its own follow-up investigations using the information it gathers. The Korean Customs Service also continues its own strong initiatives towards combating narcotics, not only in support of the aforementioned JNITF, but also through its airport and seaport narcotics units.

Agreements and Treaties. During 2002, the ROK signed a mutual legal assistance treaty with Indonesia in March. In February, the ROK and Japan signed an extradition treaty and the Korean National Assembly ratified this agreement in June.

Illicit Cultivation and Production. While methamphetamine was previously produced in the ROK, evidence suggests that this is no significant current production. In 2002, the Korean National Anti-Drug Program targeted domestically-produced marijuana and poppy. Between January and October, 18,446 poppy plants and 14,576 marijuana plants were seized, a marked increase from 2001. Marijuana is cultivated legally as hemp in Korea, and is used for fabrics and fertilizer. It is grown in the northeast and southwest regions of the ROK. A portion of the licit marijuana crop is diverted for illegal use.

Demand Reduction. The Supreme Prosecutors Office continues to actively support train-the-trainer programs to reduce demand for drugs. They send knowledgeable representatives throughout Korea to

instruct school teachers on the perils of drug usage, how to identify drugs, and how to recognize and counsel students suspected of using drugs. Teachers then instruct their students about drugs during the regular school year. Additionally, a National Anti-Drug Association, operating as a civilian foundation, has begun an counternarcotics campaign through television and newspaper ads.

Law Enforcement Efforts. The Korean National Police Administration has begun to upgrade its narcotic enforcement efforts by the creation of an estimated 68 new drug investigation units, with 221 police officers being assigned to these new units. These units are to be assigned to each of the 68 major police stations in the country in an effort to combat the apparent rising drug problem. In 2002, the total amount of drugs seized upon entry at Korea's largest international airport increased more than 10 times in comparison with 2001. A total of 152 kilograms of drugs were seized, with 137.5 kilograms of that number cannabis. Seizure of Amphetamine Type Stimulants also increased sharply at Korea's main airport with 12.1 kilograms registered during 2002, up by 164 percent over 2001.

Corruption. Although isolated reports of official corruption appear in the ROK's vigorously free press. There continues to be no evidence that any official corruption adversely influenced narcotics law enforcement in Korea.

Drug Flow/Transit. Methamphetamine, mostly from China, but also reportedly from North Korea, is used in the ROK and also transits the country. Cocaine and heroin are also used in Korea and transit to other areas. Transiting methamphetamine is often destined for the U.S., moving from China and the Philippines, but not in large quantities. South East and South West Asian heroin have both been seized in Korea, but heroin abuse in Korea remains a minor problem. Cocaine seems to be used as a kind of club drug in Korea to substitute for methamphetamine. Yaba (Thai methamphetamine in pill form) has also been recently discovered entering the country. While locally grown marijuana is available, South African imported marijuana appears to dominate on the domestic market.

Investigations show that "club drugs" are continuing to increase in popularity among Korean youth. There were significant seizures of MDMA (ecstasy) on their way into Korea in 2002.

IV. U.S. Policy Initiatives and Programs

DEA and USCS continue to work very closely with all Korean narcotic law enforcement authorities. Both agencies have given support to Korean investigations through exchange of intelligence and hands-on guidance in actual cases. In a continuing effort to target transit narcotics and precursor chemicals trafficking through Korea, DEA held in 2002 its second precursor chemical diversion training program. During 2002, the Director of the Narcotics Division of the Supreme Prosecutors Office and a Director of the Korean Customs Service Narcotics Division attended the DEA, Drug Unit Commanders Academy, in Fredricksburg, VA.

The Road Ahead. The U.S. will continue to work closely with Korean anti narcotics enforcement officials, especially in the Supreme Prosecutors Office and in the Customs service to assist enforcement efforts and to share lessons learned.

Taiwan

I. Summary

There is no evidence that Taiwan is a transit point for quantities of drugs that have a significant effect on the U.S. destined for the United States. Taiwan authorities in 2002 increased their law enforcement efforts to combat local drug use and to intercept heroin and methamphetamine being smuggled from the PRC, North Korea, and Thailand. Bilateral law enforcement cooperation with U.S. law enforcement agencies, including the DEA, was enhanced by the entry into force in March 2002 of a mutual legal assistance agreement (MLAA) between the American Institute in Taiwan (AIT) and the Taipei Economic and Cultural Representative Office in the United States (TECRO). TECRO has signaled its interest in concluding a memorandum of understanding on counternarcotics cooperation with AIT, and the authorities on Taiwan are seeking necessary legislative permission to permit police to perform undercover operations and controlled deliveries in narcotics cases. The DEA conducted a week-long drug enforcement training seminar in August 2002 for 162 Taiwan law enforcement officers and prosecutors from a cross-section of law enforcement agencies. Although Taiwan is not a UN member and cannot be a party to the 1988 UN Drug Convention, the authorities on Taiwan have passed and implemented laws consistent with the goals and objectives of the Convention.

II. Status of Taiwan

Taiwan is not a cultivator or producer of illegal narcotics. The PRC continues to be the primary source of drugs smuggled into Taiwan, primarily heroin and methamphetamine. Approximately 95 percent of methamphetamine and 80 percent of heroin the origin of which could be identified entered Taiwan from the PRC. Stringent law enforcement procedures along with enhanced customs inspection and surveillance methods have all but cut off serious flows of heroin from Taiwan to the U.S. At the same time, the opening of major container ports in southern PRC has diminished Taiwan's place in the drug trade.

III. Actions Against Drugs in 2002

Policy Initiatives. A comprehensive plan to combat drug abuse is in place and is being implemented. In view of a generally perceived rise in the use of illegal drugs (especially "ecstasy" and other designer drugs) on Taiwan, the Minister of Justice is emphasizing preventive education, especially for teenagers.

Accomplishments. With an eye to laying the foundation for the conclusion of an AIT-TECRO MOU on counternarcotics cooperation, the Minister of Justice initiated draft legislation for consideration by the Legislative Yuan, which would permit controlled deliveries and undercover operations in narcotics cases. The draft legislation is currently with the Legislative Yuan. At the same time, a provision permitting samples of seized narcotics to be shared with other law enforcement authorities, including for DEA's "signature program" (drug origin), is now in effect.

Law Enforcement Efforts. The Ministry of Justice plays the main role in formulating counternarcotics policies and drafting/proposing enforcement legislation. The Ministry of Justice Investigative Bureau (MJIB) and the National Police Administration's (NPA) Criminal Investigation Bureau (CIB) are the lead counternarcotics agencies on Taiwan. In 2000, the Coast Guard Administration was given enhanced counternarcotics enforcement authorities, and since then has made significant contributions in arrests and seizures. Counternarcotics law enforcement is a priority on Taiwan and the relevant agencies have the necessary resources.

In 2002, Taiwan authorities seized 172.53 kilograms of heroin, 23.93 grams of morphine, 5.55 kilograms of cocaine, 490.16 grams of marijuana and 1052.50 kilograms of methamphetamine.

Corruption. There have been no reported cases of official involvement in narcotics trafficking on Taiwan. President Chen Shui-Bian's administration continues to make fighting political, economic, and judicial corruption one of its highest priorities. There is no indication that either the Taiwan authorities, as a matter of policy, or senior officials on Taiwan encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances or the laundering of proceeds from illegal drug transactions.

Agreements. In 1992, AIT (which represents the United States in dealings with Taiwan) and its Taiwan counterpart, TECRO, signed a Memorandum of Understanding on Counternarcotics Cooperation in Criminal Prosecutions, and in 2001, AIT and TECRO signed a Customs Mutual Legal Assistance Agreement. In March 2002, the AIT-TECRO Mutual Legal Assistance Agreement (MLAA) entered into force.

Drug Flow/Transit. The PRC remains the principal source for heroin and methamphetamine for Taiwan. The Taiwan islands of Kinmon, Matsu, and Penghu have been identified as major transshipment points for drug shipments from the PRC. Fishing boats and cargo containers are still the primary means of smuggling both types of drugs into Taiwan from the PRC. North Korea also seems to be a source of drugs for Taiwan. However, the MJIB has continued to see couriers posing as tourists with drugs strapped to their bodies or hidden in their clothing.

Domestic Programs. The Ministry of Education provides training for teachers on how to discourage drug use. It is also working with civic and religious groups to spread the same message. Recognizing the vulnerability of teenagers to drug abuse, the Ministry of Justice has organized an educational campaign specifically targeted at this demographic group.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. The U.S.' main counternarcotics policy goal with respect to Taiwan is to ensure that the latter does not become a major transshipment point for U.S.-bound narcotics, by encouraging the authorities to maintain and improve their fight against drugs.

The counternarcotics authorities on Taiwan regularly share information with the DEA and enjoy a close working relationship with DEA's Hong Kong office and AIT's regional security office. The Regional Security Officer in AIT's Taipei office and the DEA have both noted improved cooperation with the MJIB, which they attribute at least in part to the entry into force of the AIT-TECRO MLAA. The MJIB, Coast Guard, and NPA police units have all actively participated and cooperated in DEA investigations. Events such as the week-long counternarcotics seminar presented by the DEA in Taipei for four different counternarcotics units and prosecutors have encouraged networking and cooperation among the Taiwan agencies and between them and AIT, DEA, and other USG agencies.

Road Ahead. AIT and TECRO will work on the proposed MOU on counternarcotics cooperation, covering undercover operations, controlled deliveries, maritime search and seizure, and the provision of samples of seized narcotics for the DEA's signature program. DEA hopes to conduct additional training with counternarcotics agencies on Taiwan, to continue to enhance its relationship with them to share intelligence in a timely manner, and to conduct more joint investigations.

Thailand

I. Summary

Thailand has become a leader in effective drug control efforts, and cooperation with the United States and the International Community in measures against illicit drugs has been outstanding. Thailand actively promotes regional cooperation against drug trafficking and other transnational and organized crime, and is co-sponsor with the U.S. of the Southeast Asia International Law Enforcement Academy (ILEA) in Bangkok. The US-Thai extradition relationship continues to be excellent, and cooperation with U.S. drug and other law enforcement authorities is excellent.

In 2002, epidemic abuse of amphetamine-type stimulants (ATS), particularly among school-aged youth, remained Thailand's most serious illegal drug problem. Thai authorities estimate that some three million people use some illicit drugs, of whom about two and a half million use ATS. Drug abuse is acknowledged as a central challenge to national security and the safety and health of the population. The prison population has more than doubled in just five years (14 percent compounded annual growth rate), and over 65 percent of inmates are incarcerated for narcotics-related offenses. In the first ten months of 2002, over 200 individuals were sentenced to death for drug offenses, although only three were actually executed. Thailand continues to accord high priority to demand reduction through drug abuse prevention and treatment. In 2002, Thailand initiated mandatory treatment in camps operated by the Royal Thai Armed Forces as an alternative to penal incarceration for users who are first-time offenders.

As a result of its successful three-decades of crop control programs, Thailand is no longer a major producer of opium poppy. Net poppy cultivation is estimated by the USG at less than 1000 hectares for the fourth successive year. Opiate addicts in Thailand now depend largely on imported heroin. Thailand is important to the transit of heroin produced in Burma, Laos and elsewhere to the U.S. and international markets. Public corruption is a major problem for law enforcement agencies and the judiciary. Thailand signed the United Nations convention against transnational organized crime in December 2000, and became a party to the 1988 UN Drug Convention on May 3, 2002.

II. Status of Country

Thailand is not a major producer of heroin, methamphetamine, ecstasy, cannabis or cocaine, although each of these drugs is trafficked in the Kingdom or transits en route to the international market place. Heroin and methamphetamine continued to be the most commonly trafficked drugs throughout Thailand, although there was an increase in the trafficking of ecstasy and cocaine during 2002. In recent years, individual heroin seizures in Thailand were normally 25 kilos or less. However in 2002, the size of seizures began to increase and seizures of 40-80 kilos of heroin at a time are now not unusual. In September 2002, a shipment of 140 kilos of heroin was seized in Bangkok. Although seizures reflect shipments of larger quantities, the bulk of heroin departing the Golden Triangle continues to transit southern China. Routes continually change in response to law enforcement pressure, with maritime smuggling now believed to be a major factor.

The most commonly abused drugs in Thailand in 2002 were cannabis and Amphetamine-type Stimulants (ATS). In Thailand, the most often encountered forms of ATS (called "yaba") are pills or tablets whose purity in 2002 averaged about 25 percent. ATS is usually cut with caffeine, which led the Thai government to pass new legislation during 2002 that controls caffeine throughout the country. ATS abuse in Thailand is epidemic. Fueled by over-supply and low price, ATS abuse has become widespread across all socio-economic boundaries and ages. A particular concern is school-aged children. This significant growth in abuse and shift in abuse patterns has led the Thai government and public to view ATS abuse as a major national security problem for Thailand and an important threat to the safety and health of the Thai people.

In his 75th birthday address to the nation His Majesty, the King, singled out narcotics abuse as Thailand's most serious problem.

Most of the ATS consumed in Thailand is produced and smuggled from Burma, where many traditional heroin trafficking organizations, especially the United Wa State Army (UWSA), dominate the lucrative ATS manufacturing and smuggling trade. From January through September 2002, the Royal Thai Government (RTG) reported seizing almost six metric tons (ca. 13,500 lbs.) of ATS drugs. Outside Southeast Asia, seizures of Golden Triangle ATS increased considerably in the United States during the past year. In one especially noteworthy case, over 75,000 UWSA-produced ATS tablets were seized in Sacramento, California from a single mail shipment that had originated in Thailand. 450,000 UWSA-produced ATS tablets were seized in Switzerland.

Although ATS is the principal drug of abuse in Thailand, there has been a rapid expansion in the availability and use of both cocaine and ecstasy. While ecstasy remains expensive, its retail price is slowly declining. Most ecstasy seized in Thailand is trafficked from Europe, often via neighboring countries, but there have been increasing indications of regional ecstasy production. Regional production may result in lower retail prices, even for European produced tablets, as suppliers compete for market share. Ketamine is another "club drug" that has been increasingly abused. Most Ketamine appears to originate in Pakistan.

Like ecstasy, cocaine experienced a growth year in 2002. Previously incidents of cocaine seizures were limited to a few occasions per year. During the past year though, cocaine was more commonly seen, often in seizures with other drugs. The West African trafficking community, dominated by Nigerian traffickers, still controls the bulk of the cocaine market in Thailand.

Thailand is no longer a significant source of opiates in the international illicit market. Its harvestable opium poppy crop for the year 2002 is estimated by the USG as less than 1000 hectares for the fourth successive year, an insignificant share of total global opium production. Thailand's domestic population of opium and heroin abusers now depends primarily on illicit opiates smuggled from Burma. However, Thailand remains a major factor in the international trade in illegal opiates as a transit country for organizations trafficking in opiates from Burma and Laos to the U.S. and other international markets.

Thailand produces limited quantities of cannabis, primarily in its northeast region. Quantities produced have been limited in recent years by RTG drug suppression activities, and by competition from growers in Cambodia and Laos who have lower production costs and are less affected by law enforcement. There are many allegations that Thai traffickers finance and organize "contract" cultivation. Cannabis from these countries continues to transit Thailand on the way to international markets. There continue to be some reports of cannabis cultivation in the northern and southern regions of Thailand.

III. Country Actions Against Drugs in 2002

Policy Initiatives. In 2001, the Royal Thai Government (RTG) issued a nine point national drug control strategy called, "Concerted Effort Of The Nation To Overcome Drugs". A seven-point action plan covering supply and demand reduction was added in 2002. This action plan targets 30,000 villages in 76 provinces.

Effective October 9, 2002, the Thai Office Of The Narcotics Control Board (ONCB) was transferred from the Office of The Prime Minister to the Ministry of Justice. ONCB has continued to function as an effective institution for coordination of national drug control strategy, planning and intelligence. In December 2002, Thailand announced a joint command center to coordinate suppression of narcotics by different agencies would be established, reporting to Deputy Prime Minister and former Army Commander, Chavalit Yonchaiyudh.

Thailand is a leader in the six-country sub-regional MOU among Burma, Cambodia, China, Laos, Thailand and Vietnam developed under the auspices of UNODC and other important regional efforts to coordinate counternarcotics efforts.

Hostilities on the border during May resulted in temporary suspension of bilateral counternarcotics cooperation between Thailand and Burma, but such activities resumed in October. Thailand offered a 20 million baht (U.S. \$450,000) grant for poppy replacement, alternative development activities in a Wa controlled area of Burma near the border; preparation for construction of a school and health clinic is proceeding. Thailand considers effective action against drug trafficking and production in Burma indispensable to the success of its own national drug control strategy.

Accomplishments. During 2002 the RTG amended essentially all of its basic narcotics legislation. One change permits the use of wire tap evidence in narcotics cases. Drug users charged for first offenses may now be assigned by courts to mandatory substance abuse treatment, as an alternative to penal incarceration. Camps where such mandatory treatment will be provided have been established by all three services of the Royal Thai armed forces. Changes in law, which would allow other effective investigative methods, including witness protection, co-conspirator testimony, and greater use of electronic evidence, remain under consideration. U.S. experts have helped to influence many of these initiatives. In October, the chairman of the U.S. House of Representatives Narcotics Committee organized two State Department funded seminars on legislative reform for senior Thai officials and opinion leaders.

By the end of 2002, ILEA/Bangkok had trained over 3,000 law enforcement and judicial officials from most countries in the region. Since its establishment, the ILEA has operated in temporary facilities. In November 2001, the RTG offered a site for construction of a permanent facility for the ILEA. Architectural and design studies are being completed and ground breaking is scheduled for 2003.

The Thaksin Government has visibly increased demand reduction and drug prevention efforts with grass roots programs around the country. While drug trafficking is viewed as an evil to be suppressed with forceful measures, drug abuse is now more clearly recognized as a health issue. Over the course of 2001-2002, the RTG established a network of community-based and national level prevention and rehabilitation programs.

Law Enforcement Efforts. The ONCB and the Police Narcotics Suppression Bureau (PNSB) are primarily responsible for national-level drug law enforcement programs. These agencies operate in coordination with local police, and with enforcement authorities such as the border patrol police, provincial police, marine police, and the Royal Thai Customs Service on drug cases.

Close cooperation between the Thai police and the U.S. Drug Enforcement Administration has been sustained for almost 40 years. In concert with its Thai counterparts, DEA routinely conducts in-depth, joint investigations of the most active and most important drug trafficking organizations operating out of the Golden Triangle.

While the bulk of Burmese-produced heroin formerly transited Thailand on its way to international markets, for the last several years traffickers have begun using new routes. UNODC now estimates that about 60 percent of the heroin leaving the Golden Triangle passes through southern China. This is to a large extent, the result of effective interdiction by the Thai police. So successful have Thai police undercover operations been, that traffickers now frequently refuse to deal with new customers, require advance payment, and insist on payment in U.S. dollars.

During 2002, (figures are January-September), Thai authorities reported a total of 119,215 persons arrested for drug trafficking offenses. 525.0 kilograms of heroin, 6494.0 kilograms of methamphetamine or other ATS drugs, 7056 kilograms of cannabis, 33 kilograms of ecstasy and 675 kilograms of inhalants were reported seized. During 2002, over 200 defendants were sentenced to death for drug trafficking, and three such sentences (January-October) were carried out. Under Thai law, the death penalty may be imposed for production or international smuggling of as little as 100 grams (.036 oz) of heroin or pure amphetamines.

As part of a global DEA-advised/State department-funded program, the Royal Thai police have established specially selected, trained and equipped units targeted on trafficking to the U.S. The most recent of these units was formed to operate against the threat of maritime heroin smuggling.

Corruption. Public corruption is a serious problem in Thailand, and is recognized as such. Historical and cultural attitudes of deference to individuals of wealth, social standing or official position have contributed to acquiescence to corruption in years past. Low public sector salaries create the same incentives for corruption in Thailand as they do in many other countries. Many government officials live well above their identifiable means. Efforts by the illegal drug industry, or by other transnational criminal organizations, to facilitate their illegal activities have contributed to corruption in law enforcement and judicial institutions.

In its 2002 annual report, ONCB states that: “Major drug traffickers are still hiding themselves in Thai society. Those people include corrupt politicians and governmental officials who use their authorities to protect or facilitate the drug business. Most drug traffickers arrested in Thailand are still minor traffickers. Corrupt government officials who are involved in drug trafficking were from various organizations... including law enforcement agencies.” Forty-one officials were arrested for narcotics-related corruption, and almost 300 other officials were fired for it. A national corruption and drug complaint center was opened in early 2002 to elicit information from the public. The Prime Minister also set up a team to investigate politicians and government officials allegedly involved in the drug trade or other illegal businesses. In December, a former commander of a prison in Korat had assets seized by the Anti-Money Laundering Office for alleged involvement with a prison inmate in a narcotics deal in which 1.8 million ATS tablets and 31 kilograms of heroin were seized in Bangkok.

During the past year, DEA received credible information of corruption pertaining to 27 Thai Provincial Police officers assigned in northern Thailand. In mid-2002, two police officers, a Sgt. Major and a Lt. Col., were removed from their positions and placed under arrest in connection with the theft and resale of over 600,000 seized methamphetamine tablets.

In the past several years, the historical acquiescence toward many forms of public corruption has diminished. Recent laws have established a requirement for declaration of assets by cabinet ministers and over 900 senior officials. Such officials must also disclose assets and liabilities of their spouses and minor children. A national countercorruption commission was created by the 1997 constitution to administer the financial disclosure system, and to investigate suspected instances of public corruption. A number of officials at levels up to sub-cabinet status are presently under investigation for allegations of abuses such as procurement fraud or contract bid manipulation.

Over years, the Office of the Narcotics Control Board and the Police Narcotics Suppression Bureau, have exhibited a comparatively high degree of professionalism and honesty. Security of complex investigations against major drug traffickers sought for extradition to the U.S. has been maintained. Since the formation of Sensitive Investigative Units in Thailand in 1998, DEA has relied heavily on these units to advance U.S. and Thai counternarcotics operations. Corruption is certainly the most difficult and durable problem faced by Thailand’s drug law enforcement and criminal justice institutions. However, the RTG has displayed a general willingness, backed by strong popular support, for legal and enforcement measures to prevent and punish such public corruption.

Agreements and Treaties. Thailand became a party to the 1988 United Nations Drug Convention in May 2002.

Thailand has been highly cooperative with the United States under the bilateral extradition treaty.. During 2001, Thailand delivered one individual in response to a U.S. request for extradition. Thailand also routinely responds to requests from the USG for assistance under the bilateral mutual legal assistance treaty.

Every year for over two decades, Thailand has signed several bilateral agreements with the United States for cooperation in specific narcotics control assistance projects. In all material respects, Thailand has taken the actions necessary to accomplish the goals established by these bilateral narcotics control project agreements.

Cultivation/Production. Thailand has one of the most successful drug crop control programs in the world. The Royal Project which promotes reduction in the poppy crop by providing alternative licit

livelihood to growers began in the early 1960s. In the 1990's, sustained alternative development efforts were complemented by systematic annual destruction of cultivated poppies by the Royal Thai Army and Border Patrol Police. The Thai Government reports that during the 2001-2002 growing season, there were an estimated 1,257 hectares cultivated in opium, a 13.91 percent increase in cultivation over the previous growing season. However, the government eradicated 79 percent of the crop, leaving a post-eradication production of 6.83 metric tons of opium gum. This is an insignificant fraction of opium production in the region, and is insufficient to supply even the domestic Thai population of opium and heroin users, who are now dependent on opiates trafficked from elsewhere.

Opium farmers, supported by financiers, increasingly used irrigation, fertilizers and other inputs on the crop to increase yield per hectare. They replanted some areas as many as four times following eradication. Planting at various intervals allowed the crop to mature at different times, complicating the eradication planning process. As a result of these techniques, ONCB estimated a hectare yield of 25.5 kilograms of opium for the 2001-2002 seasons versus an estimated 12.5 kilograms per hectare in the previous growing season. Thailand's annual survey of the illicit opium crop is technologically sophisticated and accurate. The ONCB survey chief is a consultant to the UNODC for applying Thailand's methodology in other developing countries with illicit drug crop cultivation problems.

Some cultivation of cannabis occurs on both sides of the Mekong River in Thailand and Laos, with processing in areas of both countries near the Mekong border. In its 2002 annual report, ONCB reported that seizures of dried cannabis from Laos increased from 3.5 metric tons in 2000 to 4.2 metric tons in 2001. It estimated that 1-2 tons of cannabis was smuggled into northeast Thailand each month. The report indicated that 35.95 tons of cannabis was destroyed by government troops during 2001/2002 compared to 18.77 tons the previous year. About 60 percent of this eradication occurred in Sakon Nakhon Province along the Mekong.

Production in Thailand of refined opiates has ceased with the substantial elimination of large-scale poppy cultivation. There is some production in Thailand of methamphetamine for domestic sale. During 2002 Thai authorities reported seizing six small mobile methamphetamine labs including one in Bangkok. However, DEA has no evidence to suggest that so-called "kitchen labs" are widely in use in Thailand. The large majority of ATS drugs sold in Thailand are produced in clandestine laboratories in Burma.

Drug Flow/Transit. Methamphetamine and opiates enter Thailand for consumption and for transit to the U.S. and other world markets. Thailand is, therefore, both a consuming and a transit country. Although methamphetamine remains Thailand's biggest abuse problem by far, DEA has observed substantial increases in trafficking of heroin, cocaine and ecstasy. Recent reports suggest that the Burma-based United Wa State Army is producing ecstasy that sells in Thailand for about one fourth the cost of European produced ecstasy.

Methamphetamine produced primarily in Burma continues to flood Thailand via overland routes from the north, northwest and west. Transportation of drugs across the border can take 5-10 days using hill tribe couriers mostly from villages on the Thai side of the border. Couriers are given vests loaded with up to 200,000 ATS tablets, although most loads are less. Couriers travel up to 15 kilometers a night through mountainous jungle. Some couriers are provided with automatic weapons and shootouts with Thai military and police officials are becoming an increasingly common phenomenon. A substantial number of Thai troops and police and an even larger number of couriers have been killed or wounded in firefights. After arriving at a drop-off site in Thailand, the couriers are paid and the drugs unloaded and consolidated for onward shipment via the excellent road transportation system in Thailand. Couriers are paid about \$100 for overnight trips and over \$200 for longer trips.

Methamphetamine seizures indicate that Golden Triangle produced ATS is making its way through Thailand or China to the world market. Mailed parcels from Thailand to Thai or Laotian nationals living in north-central and southern California have been found to contain methamphetamine tablets; the quantities being seized increased during 2002. In July, Chinese authorities intercepted a parcel bound for Vacaville, California, that contained 24,000 ATS tablets and in another case 75,000 ATS tablets from the

region were seized in Sacramento, California. In addition, Swiss authorities seized 450,000 Wa-produced ATS tablets in 2001.

Neither Thai nor regional law enforcement agencies possess complete information on the volume of drug trafficking involving Thailand. Nevertheless, heroin seizures confirm intelligence indications that significant amounts of heroin transit Thailand. More and more destinations are being observed and more and more diverse concealment techniques are being used. During the past several years, there have been indications of an increase in the use of alternative smuggling routes for heroin through southern China, Laos, Vietnam and Cambodia. Maritime routes are also increasingly popular. The adoption of smuggling routes which avoid Thailand suggest traffickers respect Thai enforcement efforts. The international postal and express mail services, and human “mules” using commercial air carriers, remain common methods of smuggling heroin out of Thailand. One of the most difficult issues facing law enforcement is the level and sophistication of maritime heroin shipments.

Chinese, Thai, and Burmese traffickers still dominate the bulk heroin trafficking while West Africans remain the preeminent brokers of smaller quantities using a bevy of couriers. Russian and East European women, and females of other nationalities working for West Africans are carrying heroin out, and cocaine into Thailand. Nepalese traffickers have developed their own smuggling networks. U.S. and other foreign immigration officials in Bangkok have established at the international airport a 24-7 office to assist Thai authorities to identify mala fide travelers, including drug couriers, seeking to board flights to international destinations.

Domestic Programs/Demand Reduction. Drug prevention measures were targeted at three major groups; schools, communities and work place groups. From October 2001 to March 2002, 832,148 people from these groups participated in government drug prevention programs.

Demand reduction is based on parallel efforts to prevent potential abusers from ever starting, and reducing the number of current illicit drug users and addicts by drug abuse treatment programs. This includes a large set of programs for drug abuse treatment of addicts or users among the prison population, or for minor first-time offenders assigned by courts to non-voluntary four month drug abuse treatment programs in camps operated by the armed forces. Military trainers in the rehabilitation camps receive a “Fast Model” four-week training course in drug treatment and rehabilitation. During 2001-2002 a total of 400 military personnel from all three services received the training. Over 5,000 prisoners nearing the end of their sentences have received training at the camps. According to ONCB statistics, a total of 39,931 drug abusers received voluntary treatment at hospitals and drug abuse clinics in 2001.

The RTG through the Ministry of Interior began a “Social Order” campaign in 2001 which is designed to reduce social evils such as underage drinking, prostitution, and drug use by youth at entertainment sites, night clubs, etc. Police and government officials inspect such locations and subject patrons to urine tests for narcotics. If suspects test positive, they may be sent for non-voluntary drug rehabilitation.

ONCB and the Ministry of Public Health have general responsibility for coordinating prevention and treatment programs, with participation by other agencies and non- governmental organizations through a national NGOs Anti-Narcotics Coordinating Committee. A permanent substance abuse epidemiological network has been established to support design of effective prevention strategies with timely information about use patterns and motivations among affected sub-populations.

Thailand is active in the international network of public/private sector drug prevention organizations. This network mobilizes public opinion against the illegal drug trade, and promotes national efforts against abuse, trafficking and production of illicit drugs.

The Thai Ministry of Public Health is implementing a curriculum of substance abuse treatment directed at ATS abuse. Community- based outpatient treatment centers for this form of substance abuse are being established throughout the country, and the program will expand to other institutions as health care providers receive appropriate training. Thailand has also been active in development of corrections-based drug abuse treatment programs, in collaboration with the NGO Daytop International. The Thai

Department of Corrections has also implemented therapeutic community treatment programs in juvenile corrections and intake centers throughout Thailand.

IV. U.S. Policy Initiatives and Programs

Policy Initiatives. U.S. goals in Thailand are:

- Assist Thailand to develop legislation that will allow the use of more effective investigative and prosecutorial methods;
- Help identify, target ,and investigate the most significant mid and high-level trafficking organizations operating in Thailand;
- Cooperate with Thailand to assist in the development of the countercorruption, drug enforcement and anti-money laundering capabilities of the Special Investigative Division and the Anti-Money Laundering Office (AMLO) including increasing the number of predicate offenses for money laundering;
- Continue working with China and Burma to curb the ability of drug traffickers in areas controlled by the United Wa State Army and other groups to obtain precursor chemicals and produce and traffic narcotics;
- Help expand Thai drug intelligence collection and analysis capabilities and foster greater interconnectivity between drug intelligence databases;
- Continue to use the ACCORD process to increase regional cooperation on drug trafficking;
- Assist Thailand to enhance its capabilities to deter maritime narcotics smuggling, particularly in the Andaman Sea and along the Mekong River;
- Cooperate closely with Thai Government organizations and NGOs to enhance their demand reduction programs and capabilities. Help develop an Addiction Technology and Transfer Center;
- Continue to provide excellent law enforcement specialized and senior training to regional countries through the Bangkok ILEA and begin construction of a permanent ILEA facility.

Among numerous major cases, Thai and DEA colleagues dismantled a major West African drug ring, which had been supplying heroin to the Midwestern U.S. The head of the ring was the highest-level West African trafficker ever arrested in Thailand. Other accomplishments included successful cooperation to amend a number of major counternarcotics trafficking laws and new legislation to regulate the sale, transport and distribution of precursor chemicals particularly caffeine and potassium permanganate.

State Department-funded counternarcotics program in Thailand in 2002 includes four projects: The narcotics law enforcement project enhances the capabilities of Thai drug law enforcement institutions to effectively investigate and prosecute major drug trafficking organizations. The crop control project provides support to the Royal Thai Third Army region, the BPP, ONCB and other institutions to survey, locate and eradicate illicit opium poppy cultivation in northern Thailand. The demand reduction project assists Thai authorities to improve and expand drug abuse prevention and treatment programs, and to support increased engagement by non-governmental organizations and the private sector in national drug awareness efforts. A regional initiatives project supports Thai government cooperative activities with regional neighbors in narcotics control issues.

DEA, Customs, FBI, INS and Secret Service offices in the U.S. Mission in Thailand cooperate closely with Thai authorities in investigations of drug trafficking organizations and related offenses. The

Department of Defense has cooperated with U.S. and Thai agencies particularly in border control and antismuggling projects, and assisted in the establishment of three regional counternarcotics intelligence centers.

The Road Ahead. Thailand will continue to be a regional leader in drug control and in efforts against related forms of transnational crime. It will continue to cooperate closely with the international community on these issues.

Legislation to employ advanced techniques for investigation and prosecution of drug and other serious criminal offenses will be approved over the next few years. These will probably address, among other issues, plea-bargaining, co-conspirator testimony, witness protection, broadening of rules of evidence, electronic evidence. Taken as a whole, Thailand's implementation of its national drug control strategy will in general become increasingly effective.

Close cooperation between the U.S. and Thailand will continue on drug and other crime control issues. Extradition and mutual legal assistance relationships, and investigative cooperation between law enforcement agencies, will remain strong. Regional cooperation against transnational crime will be promoted through continued effective operation of the ILEA/Bangkok.

Thai authorities will begin to plan and implement measures to address new drug trafficking methods and routes. This will include measures to improve intelligence collection, operational planning and implementation against maritime drug trafficking, particularly in the Mekong River.

Thailand will continue its efforts to promote and enhance regional counternarcotics cooperation with particular emphasis on neighboring countries and China.

Action to prevent, control, disclose and punish public corruption will remain the most difficult long-term challenge to the RTG. Over the next several years, the RTG should begin to develop improved public ethics regimes, internal oversight mechanisms, and mechanisms to enlist public support in measures against official corruption.

Thailand Statistics

(1993–2002)

	2002	2001	2000	1999	1998	1997	1996	1995	1994	1993
Opium										
Potential Harvest (ha)	750	820	890	835	1,350	1,650	2,170	1,750	2,110	2,880
Eradication (ha)	507	832	757	808	715	1,050	880	580	0	0
Cultivation (ha)	1,257	1,652	1,647	1,643	2,065	2,700	3,050	2,330	2,110	2,880
Potential Yield ¹ (mt)	9	6	6	6	16	25	30	25	17	42
Cannabis										
Potential Harvest (ha)	—	—	—	—	—	—	—	—	—	—
Eradication (ha)	—	—	0	0	0	0	85	80	85	80
Seizures										
Opium (mt)		2.053	0.630	0.440	1.500	0.720	0.620	0.920	0.600	2.200
Heroin (mt)	0.525	0.417	0.290	0.310	0.530	0.320	0.390	0.690	1.100	2.100
Cannabis (mt)		8.08	6.50	45.25	6.00	9.00	44.00	46.00	71.00	98.00
Other Data										
Heroin Labs Destroyed	0	0	0	0	1	3	2	1	0	2
Meth Labs Destroyed		9	9	14	13	19	1			
Narcotics Arrests (thousands)	119	131	133	205	186	158	125	120	102	85
Opium Consumed (mt)	60.0	60.0	60.0	60.0	60.0	60.0	60.0	60.0	53.0	53.0
Heroin Consumed (mt)	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.0	4.5	4.5
Opium Users (thousands)	111	111	111	111	111	111	111	111	35	35
Heroin Users (thousands)	220	220	220	220	220	220	220	220	220	220

¹ Figure based on December 1991-February 1992 Opium Yield Study. Average yield hectare is 11.5 kilograms. Opium in Thailand is generally cultivated, harvested and eradicated from October to February each year. To make the data consistent with seizure and processing data, opium seasons are identified by the calendar year in which they end. For example, the October 1999 to February 2000 opium season is referred to as the 2000 calendar year season. Data on opium cultivation, eradication, and production are based on USG estimates. RTG estimates are often lower on cultivation and higher on eradication. Data on opium cultivation, eradication, and production are based on RTG and USG estimates. RTG estimates are lower on cultivation.

Vietnam

I. Summary

The Government of Vietnam (GVN) continued to make progress in its counternarcotics efforts during 2002. Specific actions included: sustained efforts of counternarcotics law-enforcement authorities to pursue drug traffickers; increased attention to interagency coordination; continued cooperation with the United Nations Office on Drugs and Crime (UNODC); adoption of drug treatment decrees to implement the 2001 counternarcotics law; an increased tempo of public awareness activities; and additional bilateral cooperation on HIV/AIDs, an issue closely related to intravenous drug use in Vietnam. However, cooperation with the Drug Enforcement Administration's (DEA) Hanoi Country Office was minimal and little progress was made on a long-delayed counternarcotics Letter of Agreement (LOA) with the U.S. government (USG). Vietnam is a party to the 1988 UN Drug Convention.

II. Status of Country

Vietnam meets the U.S. legal definition of a "major drug-producing" country (at least 1,000 hectares of poppy cultivation). However, the GVN and the UN Office of Drugs and Crime (UNODC) (formerly the UN Office of Drug Control Programs, UNDCP) do not consider cultivation a major problem. Based on survey data obtained in 2000, the USG estimates 2,300 hectares of poppy are cultivated in the northern and western provinces of Lai Chau, Son La, and Nghe An, primarily in remote mountain areas. The GVN claims that only 315 hectares are used for opium poppy cultivation. There appear to be small amounts of cannabis grown in remote regions of southern Vietnam. Anecdotal evidence also suggests that there may be larger commercial crops of hemp in remote regions in the south.

Vietnam is not a source or transit country for precursor chemicals and does little to control precursor chemicals. According to UNODC, impediments to Vietnam adopting a more coherent precursor control policy are (1) several ministries have varying levels of authority over the use of different precursors, and (2) Vietnam lacks a specific legal framework related to precursor chemical control.

More significant drug issues in Vietnam are drug transshipment to other markets and the rising popularity of amphetamine-type stimulants (ATS) in Vietnam itself. Heroin from the Golden Triangle transits Vietnam from neighboring countries, such as Cambodia and China, enroute to Taiwan, Hong Kong and, increasingly, Australia. Heroin transiting Vietnam may also reach the United States through third countries.

GVN authorities are particularly concerned over the rising availability and use of amphetamine-type stimulants (ATS) among urban youth and, during 2002, increased the tempo of enforcement and awareness programs that they hope will avoid a youth epidemic similar to that in neighboring countries, such as Thailand. Trafficking and trading of synthetic drugs such as ATS and ecstasy is now occurring in 53 (of 61) provinces.

III. Country Actions Against Drugs in 2002

Policy Initiatives. Combating illicit narcotics is a high national priority in Vietnam, one that warranted increased government action and attention in the state-owned media. During 2002, the GVN regularly emphasized the importance of fighting drugs at a variety of fora, with high-level officials, such as the prime minister, announcing intensified campaigns to combat illicit drugs and drug use.

In December 2000, the National Assembly passed a national law, which went into effect on June 1, 2001, on drug suppression and prevention. With UNODC assistance the GVN is developing implementing

regulations to enable law-enforcement authorities to use techniques such as controlled deliveries, informants, and undercover officers.

Accomplishments. The Standing Office for Drug Control (SODC) reported several GVN steps in 2002 considered important in the fight against drugs. They also represented steps towards full compliance with the 1988 UN Drug Convention, for example: Deputy Prime Minister Khiem approved the allocation of \$5.3 million for the period from 2002 to 2004 to provide the border defense forces engaged in combating the smuggling of drugs and other goods with technical and communications equipment at border posts.

The GVN issued two new decrees concerning drug treatment to implement provisions of the 2001 counternarcotics law. Decree 34 lengthens the required stay in drug treatment centers from one to two years, and Decree 56 provides assistance for family and community-based treatment. GVN officials are optimistic that the decrees will provide a better policy framework for drug treatment issues.

With assistance from UNODC and support from several foreign donors, including the U.S., the GVN made progress in developing its long-term counternarcotics master plan. The plan includes many projects designed to improve enforcement, reduce opium poppy cultivation, and improve drug treatment. Three typical projects are crop substitution programs in the Ky Son District, strengthening law-enforcement's capacity to collect and deal with drug information, and enhancing the capacity to treat and rehabilitate addicts.

The GVN appears to have increased its counternarcotics spending in 2002. However, a direct comparison with 2001's figure (U.S. \$6.3 million) is not possible because in 2002 SODC for the first time included expenditures at the provincial, district, and commune levels. According to SODC, the GVN at all levels expended approximately U.S. \$13 million for counternarcotics activities in 2002.

Law Enforcement Efforts. GVN 2002 seizure statistics (January 1 to November 30) are mixed compared to a similar period for 2001. The GVN reported that poppy cultivation, especially in remote northwest mountainous areas, rose from about 200 hectares in 2001 to about 315 hectares in 2002. Opium seizures increased by approximately four percent, from 589.4 kg in 2001 to 612.6 kg in 2002. Heroin seizures increased by about 44 percent, from 40.3 kg in 2001 to 57.7 kg in 2002. Marijuana seizures dropped by over 80 percent, from 1,275.5 kg in 2001 to 243 kg in 2002. SODC attributed this decline to effective eradication and actions to prevent cultivation. ATS seizures in 2002 rose by about 11 percent over amounts seized in 2001, from 49,369 tablets in 2001 to 47,852 tablets in 2002. This rise reflects the increasing use of ATS in the country. The total number of drug cases increased slightly (2.8 percent) while the number of persons arrested, overwhelmingly low-level street dealers, declined by about one percent. The total number of registered addicts rose from 101,036 to 142,000, an increase of about 36 percent. In September GVN officials admitted publicly for the first time, however, that the number of addicts might be closer to 200,000. The addict population spends approximately \$133 million on illegal drugs, according to GVN figures.

The GVN continued a policy of strict punishment for drug offenses. "World Security" newspaper reported that between 1997 and September 2002, there had been 335 death sentences for drug offenses. Between 1997 and 2001, there were also 285 life sentences and 7,489 jail terms between 10 and 20 years, according to the same report.

Drug laws remain very tough in Vietnam. Possession of 300 grams of heroin or 10 kilograms of opium or cannabis resin or 75 kilograms of cannabis or opium plants may result in the death penalty. For possession or trafficking of 600 grams (ca. 1.35 lbs.) or more of heroin, death by a seven-man firing squad is "mandatory," according to another press report. Despite the tough laws, SODC reported in its 2002 report, "Drug Control Activities in Vietnam," that "drug trafficking continues to rise."

Foreign law enforcement sources do not believe that major trafficking groups have moved into Vietnam. Instead, relatively small groups—perhaps five to 15 individuals who are often related to each other—usually traffic narcotics in and through Vietnam. For example, in Nghe An province, one of Vietnam's drug "hotspots," a drug ring was exposed after one member, Nguyen Duc Luong, was arrested in Ho Chi

Minh City and confessed. Typical of Vietnam trafficking organizations, Luong's relatives formed the core of the ring. Another 23 members of Luong's ring were previously found guilty of trafficking about 40 kilograms of heroin and 247 kilograms of opium from Laos to Vietnam over several years in the mid-to-late 1990s. As Vietnam becomes a more attractive transit country, however, larger trafficking groups could become more prominent.

Resource constraints among GVN counternarcotics police continued to be a major problem during 2002, especially among provincial counternarcotics police. Lai Chau province, comprising over 17,000 square kilometers, has only 20 officers at the provincial level. In addition, each of Lai Chau's six districts can deploy only about five to eight counternarcotics officers. Transportation and communication resources are also weak, computers almost nonexistent, and drug-testing kits outdated. Local officials stressed the need for additional specialized counternarcotics training.

Despite Vietnam's limited resources and technical expertise, GVN counternarcotics officials and law-enforcement officers are reluctant to cooperate with DEA. DEA has not been permitted to work with GVN counternarcotics investigators or exchange drug-related case information. In April, the counternarcotics police declined to cooperate with DEA on a cross-border operation that could have netted 70 kilograms of heroin and broken two trafficking organizations. Vietnamese officials have not responded to other approaches from DEA to conduct joint operations or share information.

Corruption. Vietnam, as a matter of government policy, does not encourage or facilitate illicit production or distribution of narcotic or psychotropic drugs or other controlled substances, or the laundering of proceeds from illegal drug transactions. There is no information linking any senior official of the GVN with engaging in, encouraging, or facilitating the illicit production or distribution of such drugs or substances, or the laundering of proceeds from illegal drug transactions. However, many observers are convinced that narcotics trafficking could not have reached the level it has in Vietnam without significant corruption, some of it at higher levels of the government and party.

The GVN has demonstrated a willingness to prosecute mid-level, and even some higher level officials, involved in narcotics-related corruption. A large corruption scandal, known locally as the "Nam Cam" case, has resulted in a number of senior officials, including two Communist Party Central Committee members and two Vice Ministers of Public Security, having been fired, demoted, or expelled from the Communist Party. Prime Minister Khai said in June that "anyone involved in the Nam Cam case will be brought to justice." Notwithstanding the Prime Minister's statement, there is increasing skepticism among law enforcement authorities on how far up the hierarchy the investigation will reach. Deputy Prime Minister Dung publicly denied that any officials above the Deputy Minister-level have been implicated in the case, contrary to press reports. The trial, originally scheduled for July was set back to November and then December. It is currently scheduled no earlier than February 2003.

Agreements and Treaties. The USG has no law-enforcement or counternarcotics treaties or agreements with Vietnam, although negotiations continued on a bilateral letter of agreement (LOA) in 2002. The GVN has also expressed an interest in negotiating a mutual legal assistance treaty with the USG.

Vietnam is a party to the 1988 UN Drug Convention. Vietnam is currently precluded by statute from extraditing Vietnamese nationals, but the GVN is contemplating changing its law, according to a Ministry of Foreign Affairs (MFA) official. However, in 2001 at the request of the USG Vietnam deported two non-citizens to the U.S., where they were wanted for various white collar and money laundering crimes.

Cultivation/Production. GVN and UNODC confirm that opium is grown in isolated upland and mountainous regions of some northwestern provinces, especially Son La, Lai Chau, and Nghe An Provinces. According to USG sources, the total number of hectares under cultivation has been reduced sharply from an estimated 12,900 hectares in 1993, when the GVN began opium poppy eradication, to 2,300 hectares in 2002. GVN estimates are much lower. UNODC and law enforcement sources do not view opium or heroin production as a significant problem in Vietnam. While the GVN does not admit that synthetic drugs are manufactured in the country, there have been unconfirmed reports in past years

and more recent DEA information concerning limited ATS production as well as some seizures of equipment (i.e., pill presses). Small amounts of cannabis continue to be cultivated in Dong Nai province in southern Vietnam. According to an October “World Security” press report, law enforcement authorities uprooted about 16,000 marijuana plants in that province in southern Vietnam during the first eight months of 2002, compared to about 13,000 during all of 2001. Anecdotal evidence also suggests that there may be commercial crops of hemp in remote regions in the south.

As part of its efforts to comply with the 1988 UN Drug Convention, the GVN continued to eradicate poppy, when found, and to implement crop substitution, introducing other crops to replace opium poppy cultivation. Complete eradication is probably unrealistic, given the remoteness of mountainous areas in the northwest and extreme poverty among ethnic minority populations who sometimes still use opium for medicinal purposes. The GVN supports several projects to find alternatives to poppy with its own budget resources.

Drug Flow/Transit. While law enforcement sources and UNODC believe that significant amounts of drugs are transiting Vietnam, DEA has not yet identified a firm case of heroin entering the U.S. directly from Vietnam, although it appears some may be entering via Canada. More commonly, drugs, especially heroin and opium, enter Vietnam from the Golden Triangle, making their way to Hanoi and especially to Ho Chi Minh City, where they are transshipped by air or sea to the Philippines, Hong Kong, Taiwan, Japan, and, increasingly, Australia. Taiwan law enforcement authorities in May seized about 60 kilograms of heroin from a ship that originated in Ho Chi Minh City. Also in May, a Taiwan citizen and a Vietnamese accomplice were executed for producing and trafficking methamphetamine in Ho Chi Minh City, according to a press report. UNODC and DEA also believe that significant amounts of heroin and ATS enter Vietnam from China’s Yunnan province. The GVN has also reported ATS shipments entering the country via Malaysia, Hong Kong, Laos, and Cambodia. Australian Federal Police (AFP) reported heroin and methamphetamine brought to Australia by Vietnamese couriers. There appear to be increasingly strong ties between drug criminals in Vietnam and the Vietnamese community in Australia.

In its 2002 drug activity report, SODC noted that the Vietnam—Lao border (particularly via the northwestern provinces of Lai Chau and Son La and the northern central provinces of Nghe An, Ha Tinh, and Thanh Hoa) is the main route for illicit drugs entering Vietnam and accounts for over 60 percent of the country’s confiscated heroin and other addictive drugs. In Lai Chau, police in May arrested 30 traffickers, who admitted to trafficking about 5.5 kilograms of heroin from Laos to various northern locations, including Hanoi. The GVN also estimates that about 80 percent of confiscated ATS tablets entered Vietnam through the northern border provinces of Lao Cai, Quang Ninh, and Cao Bang. Marijuana, heroin, and some ATS tablets entered Vietnam via the Cambodian border. Hanoi and Ho Chi Minh City have the most significant drug-related activity; those two cities make up 51 percent of the drug cases and 56 percent of the drug-related offenders nationwide, according to the SODC report. Drugs also transit Vietnam from Laos via Nghe An Province and on to Vinh, which serves as a major port for landlocked Laos. Since there is considerable legitimate commerce from Laos, law enforcement sources reported that it is fairly easy to employ different concealment techniques.

Domestic Programs/Demand Reduction. The GVN views demand reduction as a key component of the fight against drugs as well as an integral part of its efforts to comply with the 1988 UN Drug Convention. The GVN carries out awareness activities in schools. Counternarcotics material is available in all schools and the government sponsors workshops and campaigns at all school levels. In February, over 15 million students entered a contest on “knowing the drug law.” On several provincial trips, U.S. embassy officers heard from local citizens (not in the presence of GVN officials) that they are aware of drug issues through media campaigns directed at the general public as well as school students.

Recognizing the close link between drug use and HIV/AIDS (the GVN estimates 70 percent of the 56,000 confirmed cases of HIV/AIDS are drug related), the GVN in 2002 continued a public information campaign regarding HIV/AIDS awareness and the connection between drugs and HIV/AIDS. Press

reports have stated the figure of sero-positives is around 150,000, but international experts estimate that the total number of cases could be as high as 600,000.

Vietnam has a network of drug treatment centers. There are 73 centers at the provincial level, which have a capacity of between 100 to 3,000 addicts each. A new decree issued in 2002 require addicts to undergo treatment for one year. However, GVN officials have admitted that the centers are often inadequate, and that the high recidivism rate of from 80 percent-95 percent is “unacceptable.” Drug center conditions ranged from good to very poor. Drug treatment outside of centers is often community based; counselors make visits to addicts being treated at home, providing advice and some medicines, if needed. During 2002, Ho Chi Minh City opened six additional drug treatment centers, three in partnership with the city’s Young Pioneers, a mass organization sponsored by the Party. Even with that increase, city authorities estimated that there are “several thousand addicts” who need treatment but cannot yet be accommodated.

IV. U.S. Policy Initiatives and Programs

GVN officials continued to discuss a proposed bilateral LOA covering U.S.-funded counternarcotics and law-enforcement training and assistance programs. The USG currently funds training for GVN law enforcement officers and criminal justice officials to attend courses at the International Law Enforcement Academy (ILEA) in Bangkok. About three dozen Vietnamese receive training at ILEA each year.

The USG also contributes to counternarcotics efforts through UNODC. During 2002, the USG made contributions to two ongoing UNODC projects: the National Drug Control Master Plan, which is intended to assist the NCADP to develop a 2001-2010 Master Plan for controlling drugs (Sweden and Italy are also donors); and the Ky Son Phase Two, a socio-economic development project to replace opium poppy cultivation (Germany, Luxembourg, Sweden and Japan are also donors).

The Road Ahead. The GVN is acutely aware of the threat of drugs and Vietnam’s increasing domestic drug problem. However, there appears to be reluctance and sometimes suspicion of foreign law enforcement assistance in the counternarcotics arena, especially from the U.S. Vietnam still faces many internal problems that make fighting drugs a challenge. The USG looks forward to enhanced counternarcotics cooperation with Vietnam.